Annual Report '06

SP Group

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The Company

SP Group A/S
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Telephone: 70 23 23 79
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Central Business Registration No: 15 70 13 15
Financial year: 1 January - 31 December
Registered in: Nordfyn
Website: www.sp-group.dk
Email: info@sp-group.dk

Supervisory Board

Niels Kristian Agner, Chairman
Erik Preben Holm, Deputy Chairman
Erling Larsen
Hans Wilhelm Schur
Erik Christensen
Poul H. Jørgensen, Employee representative
Karen M. Schmidt, Employee representative

Executive Board

Frank Gad, CEO
Jørgen Hønnerup Nielsen, CFO

Company Auditor

Deloitte Statsautoriserede Revisionsaktieselskab
Østre Stationsvej 1
DK-5100 Odense C

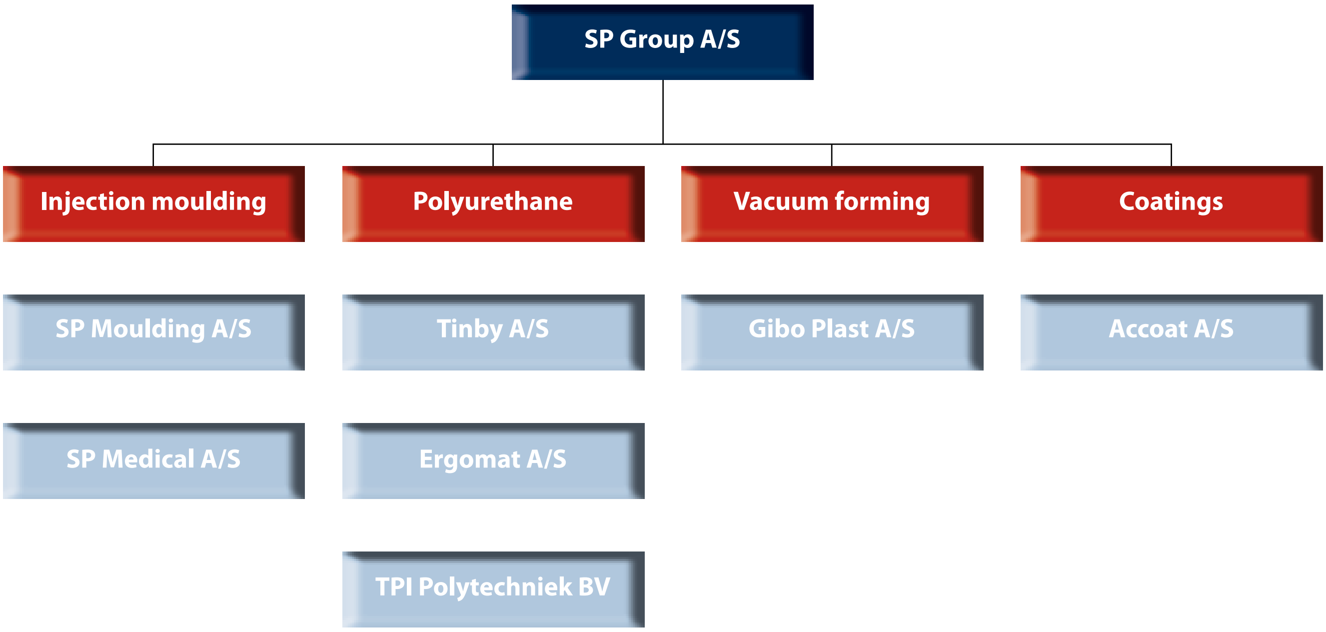
Annual General Meeting

The annual general meeting will be held on friday 27 April 2007 at 12.00 PM at Hotel Munkebjerg, 7100 Vejle

Group Chart

Activities

SP Group manufactures moulded plastic components as well as coatings. SP Group is a leading supplier of plastic manufactured products for the manufacturing industries in Denmark and has increasing exports and production from own factories in China and Poland. SP Group has subsidiaries in Denmark, Sweden, Germany, Netherlands, Poland, USA, Canada and China. SP Group is listed on the Copenhagen Stock Exchange and employed 943 people at the end of 2006.



SP Group's four business areas have the following activities:

Injection moulding manufactures injection-moulded, plastic precision components for a wide range of industries. The business area also has FDA-registered production for medico customers and the manufacture of license plates.

Polyurethane manufactures moulded products in solid, foamed, flexible and light-foam PUR products for a number of industries. Moreover it manufactures ventilation equipment, ergonomic mats, striping products and chairs under own brands.

Vacuum moulding manufactures vacuum moulded plastic pieces for refrigerators and freezers, autocampers and articles from the lighting and medical appliance industries through traditional vacuum moulding and the new High-Pressure and Twinsheet methods.

Coatings develops and manufactures coatings of fluorplastic (Teflon®), PTFE and other noble materials for a number of industrial products and production plants.

SP Group is strengthened

Dear shareholders and other stakeholders

In 2006 we have spent more efforts on sales and marketing, and that extra effort has paid off. Our salesmen have succeeded in opening several doors – both in growth-oriented industries and in new geographical markets outside Denmark.

We have to a higher degree been capable of committing ourselves in innovative projects together with our customers; and our know-how in plastic and surface coatings as well as our skills within the most recent technologies and production processes have been crucial.

We have become more cost-efficient. The contribution ratios have risen in most companies -both because we have planned our production better, improved the utilisation of our capacity, and we have automated more.

We have also established an injection moulding factory and a medical production facility in Poland. This, however, does make us more competitive in relation to labour-intensive tasks, where labour costs are cardinal. We have also moved closer to a number of the Group's customers who flag jobs to i.a. Eastern Europe.

We have also kept our fixed costs at a minimum. The outcome of all this is that results in the Group were better than forecasted with a high organic growth of 12.1% and a doubling of the results before tax and minority interests. However, results are still too low.

We have also put more efforts into keeping the share market informed, and this extra effort paired with our progress in earnings resulted in shareholders having a good return: the share rose 42.7% in 2006. The interest in our share is rising, also on the part of institutional investors; this is underlined by a direct-placement issue being oversubscribed multiple times in spring 2006. It is important to SP Group to know that we can use the stock market to finance large growth-creating initiatives in future.

All in all SP Group is in a stronger position at the beginning of 2007.

We still have big challenges ahead of us. What is most important is that part of the Group's customers are outsourcing to South and East Europe or Asia -a circumstance that will particularly affect Gibo Plast in 2007. There is still excess capacity and a pressure on prices in large parts of the Danish market, and we experience rising costs towards power, raw materials and payrolls, meaning that we need to enhance productivity. Finally, the interest-bearing debt is still high and we still tie up more capital in receivables and inventories due to growth within the Group.

When the new management began in late 2004, the task was well-defined: We were to restructure SP Group. Therefore, we prepared the plan "Fit for the future" with a number of operational as well as strategic initiatives which were to turn the downward curve and contribute to creating reasonable earnings. The trick was not only to cut down or cut away -but to trim- SP Group and make the Group stronger.

I think we have ceased using the word restructuring. Still the mindset behind the word is full of life and permeates all parts of the organisation: Namely that adaptations are required all the time to ensure that the Group is focused and competitive and that there are no sacred cows anywhere in SP Group. All activities must prove that they are fit and demonstrate that they have a potential for giving reasonable earnings. If not, they will be wound up or divested.

SP Group's goal is to reach a result before tax and minority interests of 5% of revenue within three years. We have taken some resolute decisions towards this and other goals in the last two years, and I can promise you that our pace will not be shorter from now on. On the contrary. We will put even further efforts into obtaining profitable growth, and we will continue our efforts with strengthened self-confidence.

I want to thank our many good and loyal customers. Also thank you to our employees for their committed contribution and readiness to change. We are well on our way, but we still need to put all our creativity into creating even better solutions for the benefit of both our customers and shareholders.

Frank Gad,
CEO

Group financial highlights

DKK'000	2006	2005	2004	2003*	2002*
Revenue	**825,381**	742,455	695,702	594,971	528,551
Earnings before depreciation and amortisation and impairment losses (EBITDA)	**73,424**	49,491	30,066	67,088	75,531
Depreciation and amortisation	**-37,439**	-30,343	-64,674	-37,659	-32,824
Earnings before interest and tax (EBIT)	**35,985**	19,148	-36,178	29,429	42,707
Income net financials	**-15,348**	-8,725	-10,870	-9,395	-10,711
Profit/loss before tax and minority interests	**20,637**	10,423	-47,048	14,960	29,245
Profit/loss for the year	**12,920**	8,640	-32,637	11,110	18,298
SP Group´s share	**10,254**	1,967	-32,333	11,026	19,201
Non-current assets	**383,768**	368,423	361,850	377,576	294,753
Total assets	**670,635**	606,634	591,127	582,116	430,712
Equity	**154,220**	121,525	114,746	149,204	139,762
Equity incl, minority interests	**167,075**	134,193	122,739	158,418	141,260
Investments in property, plant and equipment, excl. aquisitions	**61,308**	31,932	46,513	45,148	19,864
Cash flows from operating activities	**37,501**	36,624	9,264	12,544	56,283
Cash flows from investing activities	**-67,471**	-16,795	-53,151	-80,617	-1,970
Cash flows from financing activities	**38,573**	-31,743	-2,333	5,142	-9,789
Changes in cash and cash equivalents	**8,603**	-11,914	-46,220	-62,931	44,524
Net interest-bearing debt (NIBD)	**337,255**	327,864	346,340	298,119	186,116
NIBD/EBITDA	**4.6**	6.6	11.5	4.4	2.5
Operating income (EBITDA-margin)	**8.9**	6.7	4,3	11.3	14,3
Profit margin % (EBIT-margin)	**4.4**	2.6	-5.2	4.1	7.5
Net income before tax and minority interests in % of revenue	**2.5**	1.4	-6.8	2.5	5.5
Return on invested capital, incl. goodwill %	**7.2**	4.0	-7.1	6.9	11.1
Return on invested capital, excl. goodwill %	**8.7**	4.8	-8.5	8.1	12.6
Return on equity % (ROE), excl. minority interests	**7.4**	4,0	-25.7	7.6	14.7
Equity ratio, excl. minority interests %	**23.0**	20.0	19.4	25.6	32.4
Equity ratio, incl. minority interests %	**24.9**	22.1	20.8	27.2	32.8
Financial gearing	**2.0**	2.4	2.8	1.9	1.3
Earnings per share, DKK each unit,	**5**	3	-19	6	11
Total dividend for the year	**0**	0	0	0	0
Market price, DKK, per share, year-end	**157**	110	85	129	125
Net asset value per share, DKK each unit, year-end	**77**	68	65	84	79
Market value/net asset value, year-end	**2.04**	1.61	1.32	1.54	1.59

The key figures and ratios for 2004, 2005 and 2006 have been prepared in accordance with IFRS. The comparative figures for 2002-2003 have not been restated in accordance with the changed accounting policies due to the transition to IFRS, but have been prepared according to the accounting policies used so far based on the Financial Statements Act and the Danish accounting standards. Financial ratios have been determined in accordance with the "Recommendations and Financial Ratios 2005" from the Danish Society of Financial Analysts. See page 34 for definitions.

2006 in outline

SP Group's 2006 results were better than expected. All four business areas had higher revenues than expected, and particularly Coatings and Injection Moulding distinguished themselves by having high two-digit growth rates. As a result of this the consolidated revenue increased by 11,2% to DK 825 million and adjusted for acquisitions and divestments/winding up the organic growth was 12.1%. Growth accelerated in the course of the year and came to 14.8% in the last quarter.

This growth was primarily created outside Denmark, where revenue increased by 20.1% in spite of the closing down of a high-revenue, loss-making assembly activity in Poland in 2005. The growth is a result of the actions taken to internationalise the Group and cultivate new markets, particularly in Europe, in order to minimise dependence on the Danish market which has been characterised by price pressures and excess capacity within several segments. However, SP Group also experienced progress in the Danish market, where revenue increased by 6% -driven among other things by rising sales to the medical industry and dawning sales to the wind turbine industry. Also acquisitions contributed to the growth in revenue.

The last two years efforts on improved manufacturing efficiencies means that the contribution ratios in general were increased even though both commodity prices and electricity prices rose. The consumption of materials and direct payrolls dropped -measured as a share of revenue- and capacity costs also dropped.

This meant that operating income before interest, tax, depreciation and amortisation (EBITDA) rose by as much as 48.4% to DKK 73.4 million. After depreciation and amortisation SP Group could nearly double the primary operating income (EBIT) to DKK 36.0 million. This corresponds to an EBIT-margin of 4.4% (2.6% in 2005).

Financial expenses rose to DKK 15.3 million from DKK 8.7 million in 2005. The increase is partly due to the fact that the short-term interest rates in Denmark and the Euro-zone have risen significantly, partly that SP Group in long periods of 2006 chose not to borrow in CHF. Exchange gains in 2005 on CHF contributed to SP Group having net income on payrolls in CHF.

Results before tax and minority interests almost doubled from DKK 10.4 million to DKK 20.6 million. This should be compared with the fact that at the beginning of the year the Group expected results before tax and minority interests of DKK 10-15 million at a 4-8% growth in revenue. Following Q2 and Q3 SP Group increased the forecasts to DKK 15-20 million and "the level of DKK 20 million", respectively. This progress was due to the increased sales and more efficient utilisation of our capacity, but also a better product mix with increasing sales of complex, – high-margin – production work and consultancy services.

The progress was a reality, even though earnings were burdened by expenses towards the start-up of SP Medical's production in Poland plus transition and integration expenses in connection with the acquisition of the Danfoss plastic plant in Nordborg and expenses towards the start-up of a new injection-moulding factory in Poland to where some of the Danfoss machines were transferred. SP Medical's production in Poland meant a smaller burden on earnings than expected, whereas expenses in the wake of the acquisition of the Danfoss plastic plant were bigger than expected.

New investments amounted to DKK 61 million against DKK 32 million the year before. The biggest investments were the purchase of machinery and equipment for the Danfoss plastic plant in Nordborg plus the fitting up of rented premises in Poland for the new injection moulding factory, SP Moulding Sp. z o.o. Other significant investments were SP Medical's new factory in Poland, productivity enhancing equipment in SP Moulding and capacity enhancements in Ergomat, Tinby in Poland, TPI, SP Moulding in China and Accoat.

The balance sheet grew from DKK 606.6 million to DKK 670.6 million. The growth in terms of percent corresponds to the growth in revenue. The increase is inter alia due to increased inventories and receivables due to the increasing scope of our business. The net interest-bearing debt (NIBD) also rose to DKK 337.2 million. - but the increase was weak and measured as a ratio in relation to EBITDA our debt dropped from 6.6 to 4.6.

Events following the closing of the financial year

Group executive officer, Anders S. Andersen, resigned from his post as of 28 February 2007. As of 1 March 2007 the Supervisory Board decided to appoint Jørgen Hønnerup Nielsen, chief financial officer, to the Executive Board. As from 1 January 2007 SP Group has increased its ownership interest in TPI Polytechniek from 60% to 70%. In addition to this, no events have occurred that change the assessment of the Group and its financial position.

Outlook for 2007

SP Group expects revenue for 2007 to increase by 4-8%. Three of our four business areas are expected to grow, whereas Gibo Plast will be characterised by the fact that the loss of revenue from the refrigerator and freezer industry will have to be compensated by new business with other customer segments. Results before tax and minority interests at unchanged exchange rates and commodity prices are expected to be at the level of DKK 25-30 million. These expectations are based on SP Group's activities as at the beginning of 2007, and changes in activities, commodity and electricity prices, currency conditions and business trends may affect these expectations.

Strategic trends

Financial goals

The cash flows and interest-bearing debt were marked by the Group's growth, and in 2006 SP Group made significant steps towards meeting the financial goals set up by management for the years up to and including year 2009.

The main goal is -in the course of three years- to reach a profit before tax and minority interests which corresponds to 5% of the consolidated revenue. Last year this operating margin was increased from 1.4% to 2.5% and expectations of 2007 correspond to an operating margin of around 3.0-3.5%.

Based on the initiatives laid down in the Group's strategy plan, revenue in 2009 is expected to lie around DKK 1 billion. Last year revenue increased due to the high organic growth, and in 2007 revenue is expected to rise further to about DKK 860-890 million.

Operating profit before interest, tax, depreciation and amortisation (EBITDA) should also be increased. Management has set the goal that the EBITDA-margin is to be over 10%, and the ratio between the interest-bearing net debt and EBITDA is to be reduced to 3-4 in 2009 from originally 11.5 in 2004. In 2006 the factor dropped from 6.6 to 4,6 thanks to the significant improvement of SP Group operating profits.

The interest-bearing net debt should still be reduced by strengthening the cash flows from operations and by divesting non-value-creating assets or forming sale-leaseback contracts in order to unlock capital. Last year SP Group sold three estates which did not contribute any accounting gain, but unlocked capital. These estates have not been leased back. Cash flows from operations increased to DKK 37.5 million. There was an increase in inventories and receivables as a consequence of the high growth in particularly Injection Moulding and Coatings. This growth also meant that SP Group increased its interest-bearing net debt by about DKK 10 million. Also in the coming year will we focus particularly on the funds tied up in inventories and receivables.

The solvency (including the equity of minority interests) must be increased, and management finds 20-35% to be a suitable level. If our solvency ends up being lower because activities are being enhanced, the Company will consider asking the shareholders for additional capital. If on the other hand, the solvency becomes higher, excess capital will be channelled back to the shareholders. In 2006 the solvency increased by 2,8 percentage points to 24,9% due to the year's profit and the two capital increases in the form of direct placements.

From the outset SP Group endeavours to give its shareholders a fair return which is to be created through increases in the price of the share, as the Group does not so far have any possibility of paying out any dividend. In 2006 the share price gave a return of 42.7% against 29.3% the year before.

Increased income needed

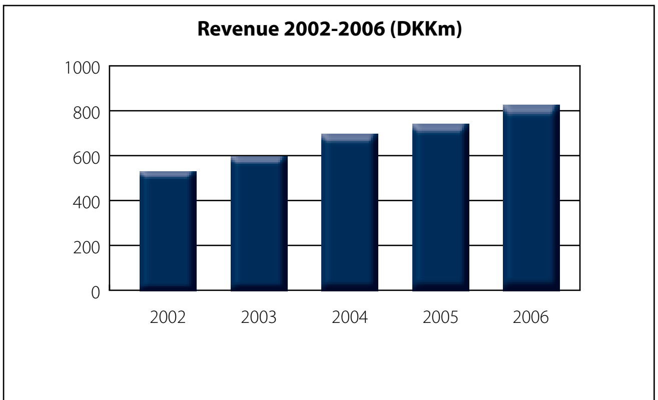
In December the Supervisory Board discussed the strategy up till 2009 and confirmed the broad outline and financial goals of the current plan, whereas a number of operational initiatives were adjusted.

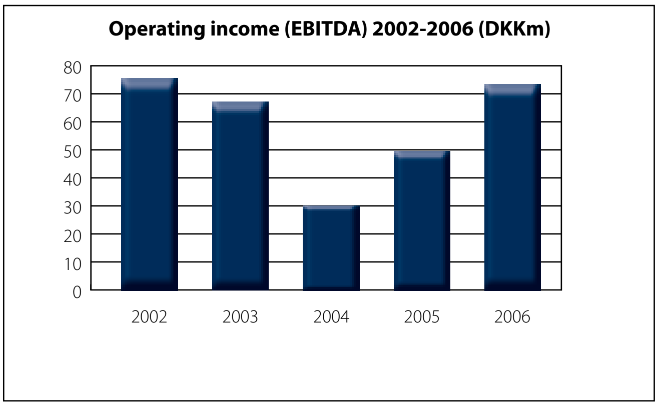
The strategy plan still involves having to increase the Group's income. The entities must sell more and gain market shares via stronger marketing efforts and differentiation within processes, design and raw materials. Counselling within plastics and coatings is becoming more and more important, and SP Group must utilise the Group's mastery of a number of competencies and technologies that can add value to customers' products. Among these competencies is the ability to source tools and moulds globally.

The geographical expansion will continue. Exports from the Danish factories must be increased and the entities must to a higher degree work up new markets. Also sales from the SP Group plants in Poland and China need to grow, and in Poland we must utilise that following the establishment of both an injection moulding factory and clean room production of medical appliances, SP Group now can service a wide range of industries. The Group's export share has increased in recent years from about 30% to about 40%, and this share must sprout even further through added international sales from all entities.

Growth industries

The growth also needs to be created with customers and industries in growth. An obvious example is the medical industry which now accounts for around one fifth of the Group's revenue. Sales to this industry have more than doubled in three years, and last year amounted to DKK 164.5 million. The acceptance of SP Group as a supplier is underlined by the fact that SP Group has qualified as manufacturers of finished pharmaceuticals (tablets). The growth needs to be upheld, the Group's competencies need further strengthening and the advantages of having clean room production in both Denmark and Poland needs to be fully utilised. SP Group also wants to play a bigger part as supplier of solutions for the production of renewable energy.





SP Group has global strengths within a number of niches. Examples are medical disposables (guide wires), hard drums, ventilation equipment for animal houses and industrial buildings as well as ergonomic workplace equipment and striping tape. The potential within these niches needs to be utilised, and the Group must develop more new niche products; we would not mind having some own brand products, where SP Group also controls more links in the value chain. The most significant own-brand products today are ventilation equipment from TPI and ergonomic workplace equipment from Ergomat. The sale of these products increased by 12.7% in 2006 to DKK 111 million.

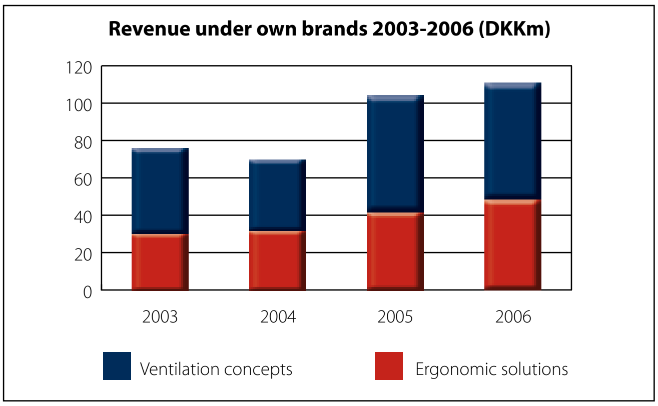
Also acquisitions may contribute to our growth, particularly when they can be instrumental to the necessary strengthening. In 2006 SP Group acquired 60% of Mattega AB in Sweden -now Ergomat Sweden AB- which manufactures and markets ergonomic workplace mats; SP Group also acquired the Danfoss plastic plant in Nordborg and formed a long-term collaboration contract with Danfoss.

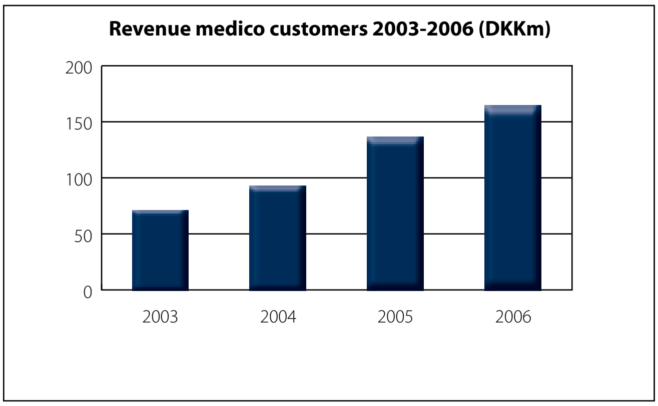
Reduced expenses

Expenses will be adjusted on an ongoing basis, and all production plants should continuously have in mind how they can produce and supply better, cheaper and faster. We will continuously put an emphasis on reducing the consumption of materials and resources and limiting the running-in and set-up times in production. The means include the launch of LEAN with improvements of processes and flows, development of organisations and competencies and continuous relocation of tasks to Eastern Europe and China. The workforce in Poland and China will grow as particularly work intensive tasks are relocated.

SP Group has enchanced the efficiency of its purchases and utilised the volume to have better terms and conditions for both raw materials and services. At the same time work is being done to source more widely in geographical terms with larger customers and to optimise the supply chain by involving both Poland and China. The IT- and management systems also need to be strengthened.

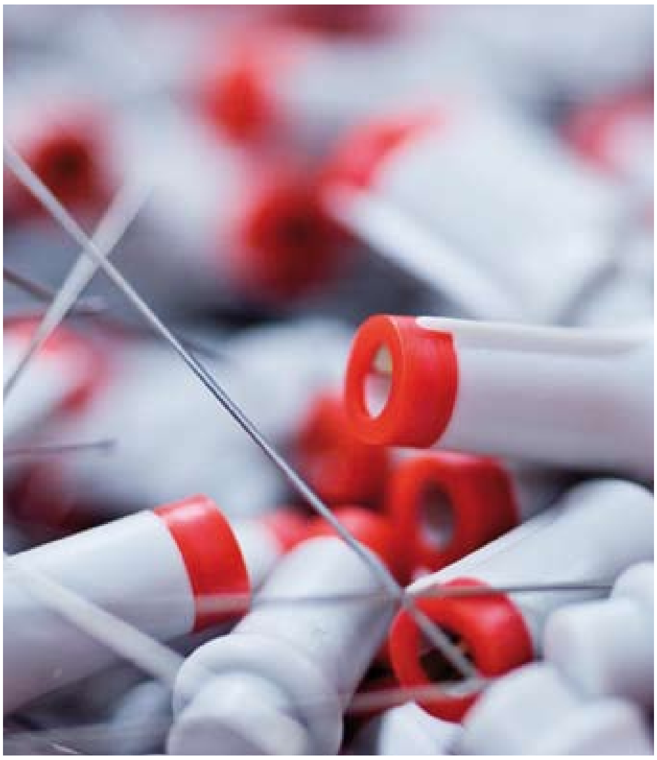
Finally, SP Group will continuously analyse the Group critically. If activities and enterprises cannot permanently be lifted to render sensible earnings, they will be wound up or divested. On an ongoing basis SP Group will also endeavour to reduce its minority interests and optimise the Group's structure. As of 1 January 2006 the Group acquired the minority shareholder from the American subsidiary Ergomat LLC, and as of 1 January 2007 SP Group increased its ownership interest in TPI Polytechniek from 60% to 70%; two transactions that increase the parent company's share of earnings. In order to create more transparency Ergomat A/S and Tinby A/S were split from the parent company as two independent limited liability companies.





Injection moulding

Name:	SP Moulding A/S
Website:	www.sp-moulding.dk www.sp-medical.dk
Locations:	Juelsminde, Stoholm, Karise, Sønderborg, Suzhou (China), Sieradz (Poland)
Executive board:	Frank Gad, CEO
Activities:	SP Moulding is the leading Danish manufacturer of injection moulded, plastic precision components. The customers include a large range of industrial companies. Production for medical appliance customers takes place in SP Medical in Karise where licence plates are also being manufactured. SP Moulding (Suzhou) Co. Ltd. and SP Moulding (Poland) Sp. z o.o. manufacture technical plastics and perform assembly work.
Description:	In addition to the actual moulding process carried out in modern production facilities, the business area also handles all finishing treatment such as ultrasound welding, surface treatment and compression. SP Moulding is also handling part or full assembly, packaging and consignment for a large number of customers.
Environment/ Quality:	The activities have been certified in accordance with DS/EN ISO 9001:2000, DS/EN ISO 9002, DS/EN ISO 14001:2004, DS/EN ISO 13485:2003, EN 46002, FED.209E Class 10,000 and EEC GMP Class C. SP Medical has been registered by FDA and has clean rooms at their disposal.



- The growth was driven by increased sales, in Denmark and abroad
- Operating profit increased but was pressed by integration costs
- Further set-up of capacity in and outside Denmark
- Expectations of continued growth and improved earnings in 2007
- Organic growth of 11% beyond expectations

2006 in outline

The revenue increased by 15.9% to DKK 462 million and the organic growth was 10.8%. The growth is higher than expected and is attributable to a good development in sales in both SP Moulding and SP Medical. Part of the growth is within counselling and more complex projects developed in close collaboration with the customers.

The Danish activities within technical plastics were centralised in SP Moulding in 2005 with common purchasing, administration, finance and accounts, sales, marketing and product development. The merger has also in 2006 resulted in savings on purchase of raw materials and tools. The specialisation of the plants has made it possible to enhance production planning, increase capacity utilisation and reduce costs through new robot solutions, etc. All this has contributed to an increased operating profit.

As of 1 July 2006, SP Moulding took over the injection moulding activities at the Danfoss plastic plant in Nordborg and entered into a long-term delivery agreement with Danfoss. As expected, the collaboration with Danfoss has developed positively. The production in Nordborg stopped 29 September 2006 according to plan. Subsequently, 35 machines and other equipment were transferred to the facilities of SP Moulding in Sønderborg and Juelsminde as well as to the new injection moulding plant in Sieradz in Poland.

The new plant in Poland started production in October with 6 machines and is now operating in 3 shifts. Initially, the plant produced primarily for Danfoss, but in 2007 it will be marketed for the entry of other potential customers. In China, the capacity was increased.

In 2006, SP Medical continued growth based on a positive development in sales to existing but also new customers including large sales of tools. In the beginning of 2007, SP Medical took over the Group's production of guide wires and other medical disposables from the affiliated company, Accoat, initiating a transfer of the most labour intensive work to Poland. The plant in Jyderup was closed in 2006 and the activities transferred to Poland, and in the first quarter of 2007 activities in Helsingør will also be transferred to Poland.

The operating profit (EBIT) improved from DKK 1.6 million to DKK 9 million. However, the result is not satisfactory due to several conditions. The expenses relating to transfer and integration of the activities from the Danfoss plastic plant have been higher than expected and the purchase was ipso facto not provided for in the budget. Expenses relating to the set-up of the plant in Poland and the extension in China are also charging earnings.

Markets and products

SP Moulding is the largest independent injection moulder in Denmark with more than 300 injection moulding machines, and it ranks among the largest in Scandinavia. The Danish market is estimated at approx. DKK 3-4 billion. There are many small suppliers on the market and actual excess capacity in certain areas. Moreover, a number of customers are moving to low-wage countries. On the other hand, several enterprises with own production of technical plastics choose to source out to sub-suppliers because they are focusing on core competencies. It will also be possible for SP Moulding to expand market shares by replacing other solutions with plastic.

Price is a decisive parameter in SP Moulding's overall competitiveness, but differentiation relative to process, design and raw materials will gain importance. By virtue of automation and centralisation of production in fewer plants, SP Moulding is competitive but still needs to cut costs. Due to its size and competencies, SP Moulding has evident advantages in other areas, such as contribution to the customers' product development, international sourcing of moulds and tools as well as package offers to the customers including full assembly, packaging and consignment of finished products.

SP Medical's potential market in Europe is approx. DKK 15 billion and has an annual growth of 5-7%. SP Medical is the largest Danish supplier and ranks as number 3-4 in Scandinavia but is a small supplier in Europe despite an export share of approx. 50%. With its competencies and high standards for quality and supply, SP Medical has good chances of increasing market shares. In the niche of PTFE-coated guide wires for urology, radiology, etc., SP Medical is among the three largest suppliers in Europe. Expectations are that the merger of SP Medical and former Accoat Medical will strengthen the competencies and competitiveness of SP Medical.

In China and Poland, SP Moulding is still a small supplier of technical plastics in the local markets. With its know-how, the enterprise is expected to be able to grow faster than the market.

Strategy

An increasing part of the revenue will be created outside Denmark. Exports from the Danish moulding plants are to increase and special focus will be placed on Germany and the Nordic countries. In China, a doubling of the capacity to approx. 40 machines completed. In Poland, SP Moulding will in 2007 start marketing its services in both technical plastics and assembly to especially Scandinavian customers with production in Eastern Europe at the same time transferring selected work from Denmark to Poland.

SP Moulding will continue to increase market shares through better customer service, intensified participation in customer product development and larger efforts directed towards growth sectors. Competencies in coatings, robot solutions and plastic design should be further developed and SP Moulding will differentiate in areas such as nanotechnology, plastic with heat conducting properties and new moulding processes. In all plants, the production efficiency programme will be continued, inter alia through LEAN projects, increased automation and more focus on raw material consumption, disposals as well as switch-over times.

SP Medical will intensify sales and marketing efforts in relation to new customers. The special medical appliance industry competencies should be strengthened, the production in clean rooms in Denmark and Poland should be extended and the integration of the activities in SP Medical and Accoat Medical will provide a basis for better offers for the customers. SP Medical has entered into an agreement with Egalet a/s with the purpose of developing a production concept for injection moulded pharmaceutical products (tablets), including obtaining approvals from the necessary authorities. The project has a promising potential, as this will be the first time SP Medical produces actual pharmaceutical products. The development of the concept must be concluded.

Outlook for 2007

In 2007, the business area expects to continue growth with contributions from both SP Medical and SP Moulding. The costs relative to the acquisition of the Danfoss plastic activities and the new plant in Poland will still put a strain on earnings, but not as much as in 2006. Therefore, earnings are expected to increase.

DKK million	2004	2005	2006
Revenue	374.5	398.6	**462.0**
Earnings before depreciation and amortisation and impairment losses (EBITDA)	11.7	18.9	**27.2**
Depreciation and amortisation	-40.5	-17.3	**-18.1**
Earnings before interest and tax (EBIT)	-30.3	1.6	**9.0**
Profit/loss for the year	-25.5	-2.5	**0.6**
Total assets	265.5	270.5	**313.1**
Equity	52.0	49.9	**50.4**
Average number of employees	429	463	**494**

2K and 3K components

The 2K component and 3K component production is one of the competencies SP Moulding has improved in 2006. The 3K production is carried out in Stoholm, where products consisting of three components, i.e. two different colours (white and transparent) and a rubber ring made of soft plastic, are manufactured in one coherent process. The product is used for the reading of meter readers where the rubber ring ensures water tightness. Sønderborg manufactures similar 2K products, where white plastic and transparent plastic are moulded as an entity allowing the reading to take place through the transparent plastic.

Polyurethane

Name:	The business area consists of three activities with polyurethane (PUR) as the common denominator: Ergomat A/S, Tinby A/S and the now 70% owned TPI Polytechniek BV
Websites:	www.ergomat.dk, www.tinby.dk, www.tpi-polytechniek.com
Locations:	Søndersø, Zdunska Wola (Poland), 's-Hertogenbosch and MK Teuge (Holland), Helsingborg (Sweden), Cleveland (USA), Montreal (Canada) and Zeil am Main (Germany).
Executive board:	Mogens Kryger, Managing Director in Ergomat A/S. Steen Ole Therkelsen, Managing Director in Tinby A/S. Jeroen van der Heijden, Managing Director, TPI Polytechniek BV
Activities:	**Ergomat A/S** develops, manufactures, sells and resells ergonomic solutions and striping products under own brands: Ergomat® mats, ErgoPerfect® chairs, Synchron® tables as well as DuraStripe™ striping tape. The customers are large industrial groups as well as an increasing number of enterprises within trade and service. Ergomat has subsidiaries in Western Europe and North America. **Tinby A/S** manufactures moulded products in solid, foamed and flexible PUR for the graphics, medical appliance, furniture, refrigerator, and wind turbine industries as well as products for the insulation industry. In Poland, Tinby Sp. z o.o. manufactures light-foam products for ventilation solutions, etc. **TPI Polytechniek BV** develops and sells concepts for ventilation of industrial buildings as well as poultry and pig farms, primarily products under the brands ReaDan and TPI, manufactured by Tinby in Poland. Global sales are handled from the Netherlands and sales in Scandinavia are handled from Søndersø.
Description:	Polyurethane (PUR) is manufactured by mixing two special liquids and pressing the mixture into a mould forming the required component. Competencies include knowing the possibilities of variations and making the best of the material.
Environment/ Quality:	Tinby works in Denmark and Poland in accordance with the ISO 14001 standard.

- 2% organic growth
- Large growth in earnings primarily as a result of improved product mix
- Acquisitions in Sweden, the USA and the Netherlands
- Expectations of increasing revenue and earnings in 2007

2006 in outline

The revenue decreased by 5% in this business area. The organic growth was 1.5% adjusted for the closing down of a loss-making assembly activity in Poland in 2005 and the acquisition of a Swedish company in 2006.

Ergomat's revenue rose by approx. 10% which was less than expected as the growth largely corresponds to the contribution from the Swedish company, Mattega AB, acquired as of 1 January. The slowdown is primarily a result of the restructuring in the North American organisation costing focus on sales. Consequently, the new sales and distribution agreements have not yet led to the intended outcome. In Germany, approvals relative to the "GS mark" made slow progress, whereas sales in the Nordic countries were successful.

Tinby's revenue declined as a result of the development of the loss-making assembly activities in Poland in 2005. The decline was only partly compensated for by the increased revenue for new business areas such as the wind turbine industry, and the growth in production work for a number of other companies in the Group, e.g. ventilation equipment for TPI.

TPI's sales rose by 17%, primarily driven by an increasing demand in Eastern Europe where the poultry and pig production increases. The Middle East, Asia and Canada, where TPI has increased sales efforts, also contributed to the increase in revenue. In addition, TPI benefited from the enlarged product programme within chimneys and air intake/ventilation. The production capacity in Poland increased by 1/3 to meet the demand.

The operating profit of the business area rose by 31% to DKK 23.3 million, the equivalent of an EBIT-margin of 15.7%. This is higher than expected. The improved result is due to a better product mix where products under own brands accounts for a larger part of the sales. Furthermore, the efficiency improved in Tinby's production in both Denmark and Poland. On the other hand, Ergomat's earnings were lower than expected – as a result of the lower growth in the revenue and the unfortunate development in the efficiency at the plant in Søndersø.

Besides the acquisition of 60% of the shares in Mattega AB, SP Group also bought out the minority shareholder of the American subsidiary, Ergomat LLC – both transactions took place with effect from 1 January 2006. In addition, the ownership share in TPI Polytechniek increased to 70% with effect from 1 January 2007.

Johannes Matthiesen has left his position as Managing Director for Tinby due to sickness. Sales Director, Engineer Steen Ole Therkelsen, 60, has been appointed Managing Director as of 1 March 2007.

Markets and products

Ergomat is a market leader in Europe and ranks among the three largest suppliers in the world of ergonomic workplace mats. The mats accounts for three fourths of Ergomat's revenue and are supplemented with the striping product, DuraStripe™, as well as working chairs and tables. The demand is driven by an increased focus on working environment and prevention of work-related injuries as well as customer preference in relation to other properties of Ergomat's products, such as antistatic and fire resistant properties. Today, Ergomat's main markets are the USA, Germany and South Korea constituting approx. 70% of the revenue, but Ergomat is present in 30 countries with own organisations or dealers/distributors. On the main markets there is a gradual shift of work places towards the commercial sector and the service and health sectors. Also, the industry undergoes an increased automation process where wage intensive production is outsourced to Eastern Europe and Asia. Consequently, Ergomat is increasingly focusing on new markets in Eastern Europe and Asia and on new industries such as the commercial sector and the service and health sectors.

In Scandinavia, Tinby is one of the leading sub-suppliers of PUR products to a number of industries. In addition, Tinby is globally leading within cylinders – partly for X-ray and partly for film development in the graphics industry. Sales to the graphic industry are an interesting niche but sales are declining due to the digitalisation of the industry, whereas sales of cylinders for X-ray are more stable. Other important product segments are cabinets, cores, moulds and caps.

TPI is the leading manufacturer in Europe of light-foamed ventilation equipment for the agricultural and industrial sectors. PUR is suitable for the above purposes because the material is light, insulating and weather resistant. Furthermore, it does not create condensation when exposed to large heat fluctuations. The demand is increasing and driven primarily by the industrialisation of the agricultural sector in Eastern Europe constituting one third of the revenue, with Ukraine and Russia having the leading positions. The growth in Eastern Europe is expected to continue the next five to ten years, but also the Middle East is expected to gain importance. One third of TPI's revenue is based on subsupplies for turnkey contracts with companies especially in the Netherlands.

Strategy

Ergomat will increase sales through intensified marketing, establishment of new sales companies, more direct sales as well as development of a network of external dealers. Ergomat will work commercial and service companies as well as the health sector and generally increase efforts in Eastern Europe and Asia. The company will try to distance itself more clearly from the competitors by offering more integrated solutions cutting across present products and by offering more supplementary services.

DKK million	2004	2005	2006
Revenue	139.7	156.6	**148.7**
Earnings before depreciation and amortisation and impairment losses (EBITDA)	12.1	24.7	**30.4**
Depreciation and amortisation	-6.6	-6.9	**-7.1**
Earnings before interest and tax (EBIT)	5.4	17.8	**23.3**
Profit/loss for the year	2.4	10.9	**14.0**
Total assets	134.4	141.6	**158.6**
Equity	36.8	47.3	**60.1**
Average number of employees	231	201	**193**

Ergomat will up and until 2009 invest significant amounts in automation and new machines in the production in Søndersø. The investments will be parallel to the ErgoLean programme, where working processes will be optimized. Together these efforts should result in a production increase of 50-60% over a period of three years with the same number of employees.

Tinby will increase sales efforts within back-foamed articles and insulations caps as well as cultivate new customer segments. The focus should be on the wind turbine industry, where Tinby in 2006 had a commercial breakthrough, but also on insulation caps and equipment for the disabled. Tinby will also adhere to a strict cost control management. In Poland, the production capacity should be increased to satisfy the increasing supplies for TPI.

TPI Polytechniek will further extend the range of ventilation products to the agricultural sector. The company will initiate sales efforts on a number of new markets, such as Pakistan, Romania, Japan and countries in the Middle East on a direct basis, at the same time maintaining business relations with the big turnkey suppliers. In addition, TPI will focus on industrial ventilation solutions, partly to increase revenue, partly to reduce the dependency on the agricultural sector.

Outlook for 2007

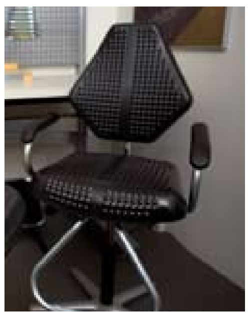
Growth is expected in Ergomat, TPI as well as Tinby. Ergomat's earnings are expected to increase as a result of higher revenue, increased efficiency and strict cost control management. TPI's earnings are expected to remain at the same level as or slightly higher than in 2006, whereas Tinby's earnings are expected to remain at the same level as in 2006. In total, the business area's earnings are therefore expected to increase.

New chimney mixes air

In 2006, TPI Polytechnieck BV introduced a new concept for ventilation chimneys for use in poultry and pig farms. The chimney is fitted with a damper and a nozzle for recirculation of the air allowing fresh, cold air from the outside to mix with warm air from the inside.

Farewell to static electricity.

In a number of enterprises, i.a. within the data and electronics area, there are strict requirements of the discharge of static electricity to protect delicate components. The so-called Electro Static Discharge (ESD) products can remedy this. Ergomat offers a total solution for ESD-securing the workplace with both ergonomic chairs and mats that discharge the electricity as it is generated.



Vacuum forming

Name:	Gibo Plast A/S
Website:	www.gibo.dk
Locations:	Skjern
Executive board:	Søren Jensen, Managing Director
Activities:	Gibo Plast develops, product ripens and produces thermo-forming plastic products in different materials and colours. The products are mainly used in refrigerators and freezers, caravans, windturbines as well as for transportation, medical and lighting equipment. Gibo Plast has specialised in traditional vacuum forming and the new High-pressure and Twinsheet technologies.
Description:	Vacuum forming is a process in which plastic sheets are heated and subsequently formed under vacuum or high pressure. The products are subsequently finished by cutting (CNC cutting) and finally assembled into the finished product.
Environment/ Quality:	ISO 9001:2000, OHSAS 18001:2004, ISO 14001:2004. A preaudit will be carried through in the first quarter of 2007, and the certification is expected to be obtained in the second half of the year 2007.

- Revenue fell by 3%
- Declining sales to the refrigerator and freezer market
- Sales in other segments increased by 10%
- Stronger cultivation of new customer segments
- Investment in flexible in-line production equipment
- Slightly decreasing earnings in 2007

2006 in outline

The revenue fell by 3%. The decline, which was less than expected, is a result of declining sales to the Scandinavian producers of refrigerators and freezers who experience keen competition from Eastern Europe and China. Sales in this customer segment decreased by 14% and the decrease accelerated further in the fourth quarter when two major customers moved their production of refrigerators to Turkey.

Producers of refrigerators and freezers have historically - up to 2005 - represented more than half of the Gibo Plast's revenue. In recent years, Gibo Plast has aimed at cultivating new customer segments and increasing sales geographically and these efforts have proved successful. In 2006, sales to other customer segments increased by 10% in total, but are still too low. However, in the third and fourth quarter sales increased, particularly sales of transport boxes, sales of large plastic products for the wind turbine industry and supplies to the medical appliance industry.

The operating profit decreased due to declining sales as well as increased sales and marketing costs. The depreciation charge increased due to investments in new equipment following the Gibo Plast centralisation of all production in a 12,000 square metre plant in Skjern and the closing down of the plants in Esbjerg and Viborg.

In 2006, Gibo Plast installed a flexible, full automatic in-line machine with quick shifting tools for the production of transport boxes, accessories for caravans, etc.

The Managing Director of Gibo Plast, Anders S. Andersen, who founded the company in 1986, chose to leave his position as of 28 February 2007. Søren Jensen, MSc, 42, has been appointed new Managing Director. Søren Jensen started in the company as Sales Director 1 May 2006.

Markets and products

The Scandinavian market for vacuum moulded plastic products is estimated at approx. DKK 5-600 million. The market in Scandinavia is expected to be stagnant in the coming years, even though there are also indications to the contrary. Many items made of other materials may benefit from being replaced by items made of vacuum moulded plastic. Consequently, there is a basis for a growing demand. However, the market is also breaking up because a number of customers, such as producers of domestic appliances, are hit by competition from low-wage areas and therefore are moving. It will be important for Gibo Plast to have an even more cost-effective production and to cultivate new customer segments and markets.

In traditional vacuum forming, Gibo Plast is the leading supplier in the Nordic countries and ranks among the ten largest suppliers in Europe. In the new High-pressure and Twinsheet technologies Gibo Plast's position is even stronger. Following large investments in new technology in 2005-06, Gibo Plast can now handle items of many sizes and master large-scale production as well as small series of specially designed items with logos. The offer for the customers also includes decoration, coatings, packaging, etc.

Gibo Plast's customers consist of a large range of industrial companies, particularly from Scandinavia. The customers are primarily producers of refrigerators and freezers, but also companies selling medical, lighting, wind turbine and transport equipment are represented in the customer portfolio.

Strategy

Gibo Plast will increase its sales effort to sell the capacity on the plant in Skjern. Exports to Norway and Sweden are increasing, but the Danish market still, inappropriately, accounts for three fourths of the sales. Therefore, Gibo Plast should double the export share in coming years through continued sales efforts in Scandinavia, but also systematically seek potential customers in other parts of Europe.

The sales organisation was expanded in 2006, and as a result export field work has been intensified. Consequently, Gibo Plast expects in 2007 to be able to increase sales of transport boxes and equipment for caravans, mainly in Central Europe. The sales efforts should primarily be directed towards cultivation of new customer segments to reduce the dependency on the refrigerator and freezer industry. In recent years, Gibo Plast has been successful in developing equipment for caravans and transport boxes (own product) and lately Gibo Plast has also improved sales to the wind turbine and medical appliance industries. The sales focus should be on these industries together with the agricultural and building industries.

Gibo Plast should intensify the marketing of High-pressure and Twinsheet moulding technologies allowing greater freedom in design and flexible production of complicated plastic items in larger sizes. Gibo Plast expects that the new moulding technologies will open doors to new customer segments and the objective is to maintain the position as one of the leading suppliers of new moulding technologies.

The automations of the production continue and the implementation of LEAN in production is also expected to increase efficiency.

Outlook for 2007

2007 will be a year of change where sales to the refrigerator and freezer industry are again expected to decline without the possibility of compensating in the short run by building up sales to other customer segments. Consequently, Gibo Plast's revenue is expected to fall by approx. 10%. The result for the year is expected to decrease, but will still be positive.

DKK million	2004	2005	2006
Revenue	105.3	104.2	**101.0**
Earnings before depreciation and amortisation and impairment losses (EBITDA)	12.2	8.7	**8.4**
Depreciation and amortisation	-3.1	-2.4	**-3.1**
Earnings before interest and tax (EBIT)	9.1	6.3	**5.3**
Profit/loss for the year	5.5	3.4	**2.5**
Total assets	85.1	95.9	**88.6**
Equity	28.1	27.4	**29.9**
Average number of employees	72	76	**76**

Full automatic production line

Full automatic and flexible in-line machine with quick shifting tools for the production of transport boxes, components for caravans, etc. Moulding can be effected both under vacuum and high pressure in the same process enabling production of very precise (sharply defined) items. The machine has a very effective heating of the plastic material and therefore has a 30-50% higher output (output/items per hour) than other types of machines.

Transport boxes

Transport boxes for the transportation of components in machines and vehicles and the manufacturing industry as a whole is an area of increasing importance for Gibo Plast. Many of the transport boxes have built-in content fixation providing maximal protection during the transportation. Precision requirements in relation to the manufacturing are high as the components are unpacked and reprocessed by industrial robots in the customer's production lines, e.g. when mounting gear boxes in the automotive industry.

Coatings

Name:	Accoat A/S
Website:	www.accoat.dk
Locations:	Kvistgaard
Executive board:	Niels Uhrbrand, Managing Director
Activities:	Accoat is coating products and production facilities in a wide range of industrial sectors. The products coated ranges from very small needles to large tank facilities. In 2006, the business area also produced finished articles and components for the medical appliance industry, primarily guide wires, but this activity was sold to SP Medical as of 1 January 2007.
Description:	Accoat develops and manufactures environment-friendly solutions and products, including fluorplastics (Teflon®), PTFE and other refined materials.
Environment/ Quality:	Coating is certified in accordance with DS/EN ISO 14001:2004 and DS/EN ISO 9001:2000.

- Significant organic growth - 55%
- Operating profit considerably better than expected
- Establishment of Accoat Medical in Poland
- Accoat Medical sold to SP Medical as of 1. January 2007
- Increased earnings in continuing activities in 2007

2006 in outline

The revenue increased by 31.7%. Adjusted for the sale of Accoflour in 2005, the growth was 55% which was significantly higher than expected. The growth accelerated during the second half of 2006 primarily due to heavily increasing demand from the chemical industry, but also due to increased coating jobs in the medical appliance industry.

The operating profit (EBIT) increased from DKK 2.3 million to DKK 11.5 million, equivalent to an EBIT-margin of approx. 9.5%, significantly exceeding expectations at the beginning of the year. The improvement is a result of increased sales, better capacity utilization and a more profitable production following centralization of all coating activities in 2005 in the new plant in Kvistgaard with up-to-date production equipment.

During 2006, the last phase of a major aggregate investment was completed in the facilities in Kvistgaard allowing a more efficient treatment of large items with dimensions of up to 12 x 3 x 3 metres or the manufacture of multiple series in three furnaces at a time. With these facilities Accoat is among the most modern and environment-friendly coating companies in EU.

During 2006, Accoat took over SP Group's activities in UV-coating (ultraviolet coating of material), up till then run as an independent activity by SP Hardtech from a plant in Holstebro. The transfer put a strain on earnings in 2006 but will reduce costs in the future as the UV-coating as an integrated part of Accoat can draw on the existing set-up in Kvistgaard. UV-coating is closely linked to coating work carried out in PVD, and therefore expectations are that in the long run Accoat will benefit further from having this production/process added.

Accoat Medical, primarily producing medical guide wires, increased sales by 10%. In recent years, Accoat Medical has made an effort to reduce costs and develop low-priced total solutions to increase profitability. Consequently in February 2006, Accoat Medical started producing the wage intensive guide wires on a new plant in Zdunska Wola in Poland. The Polish plant was completed in October and at the end of the year the plant had approx. 50 employees. The transfer of work from Denmark (Jyderup) to Poland put a strain on earnings, however less than expected.

It has been decided to transfer Accoat Medical's remaining activities in Helsingør to Poland during the first quarter of 2007. As of 1 January 2007, Accoat Medical was merged with SP Medical to ensure better utilization of the Group competencies in the medical appliance field.

As part of SP Group's strategy of closing down or selling non-strategic activities, Accoat sold a plant in Kvistgaard and a smaller plant in Jyderup. The sales had no effect on the earnings, but contributed to a reduction of the interest-bearing debt.

Markets and products

In 2006, Accoat rendered services to approx. 450 different customers in 12 countries and coated a range of different products, such as medical appliance equipment, ovens, baking machines, filling machines, engine components, radar antennas and equipment for chemical and the oil and gas industries.

In principle, Accoat can coat all kinds of items, but Accoat focuses on high-build (multiple layers) coatings with corrosion protection as well as coatings with non-stick and low-friction properties. In these fields, Accoat is leading in Scandinavia and among the largest market players in Europe. Accoat's largest product fields are special products in large series for the medical appliance industry and coating of facilities for the chemical industry.

The coating market is characterized by requiring substantial expert knowledge for the development and production of complicated coatings in environment-friendly artificial substances. Furthermore, the suppliers must develop and test an increasing part of the coatings in their own laboratories to document properties and product life. The market is driven by the fact that more enterprises realise that coating may improve the strength, product life and applications of their products. Coating may also reduce costs relative to cleaning and production stoppage (as a result of non-stick properties). In addition, the customers have realised that they can replace expensive materials such as titanium by other, low-cost surface treated materials. The total demand for coatings, including nanocoatings, is therefore expected to increase significantly in the coming years.

Strategy

Accoat will still focus on increased product development. Generally, the knowledge of the business area should be up-dated and enhanced, and Accoat will continue participating in the collaboration with the Danish universities within development of nanotechnologies to be a trend-setter in the development and implementation of commercial products in this area.

Sales should be increased to utilise the capacity in Kvistgaard. Sales are to be strengthened by introducing service concepts adapted to customer specific production processes for several major customers. In addition, Accoat should be more visible on the larger markets and cultivate customer segments in the process and food industry as well as in the off-shore industry. Experience from working with nanocoatings should be applied more systematically, and Accoat should use their special know-how in UV Coating to manufacture reinforced coatings. In collaboration with the Swedish Impact Coating, Accoat has developed a very hard lacquer to give the plastic items a metallic surface.

Outlook for 2007

The continuing activities within Coating are expected to grow in terms of revenue and earnings. The business area's total revenue will be influenced by the activities in Accoat Medical no longer being included and therefore the total revenue will decrease slightly.

DKK million	2004	2005	2006
Revenue	82.8	92.0	**121.2**
Earnings before depreciation and amortisation and impairment losses (EBITDA)	4.3	7.2	**17.8**
Depreciation and amortisation	-2.3	-4.9	**-6.2**
Earnings before interest and tax (EBIT)	2.0	2.3	**11.5**
Profit/loss for the year	0.6	-0.2	**6.5**
Total assets	106.8	100.0	**118.2**
Equity	35.8	35.6	**42.1**
Average number of employees	112	114	**121**

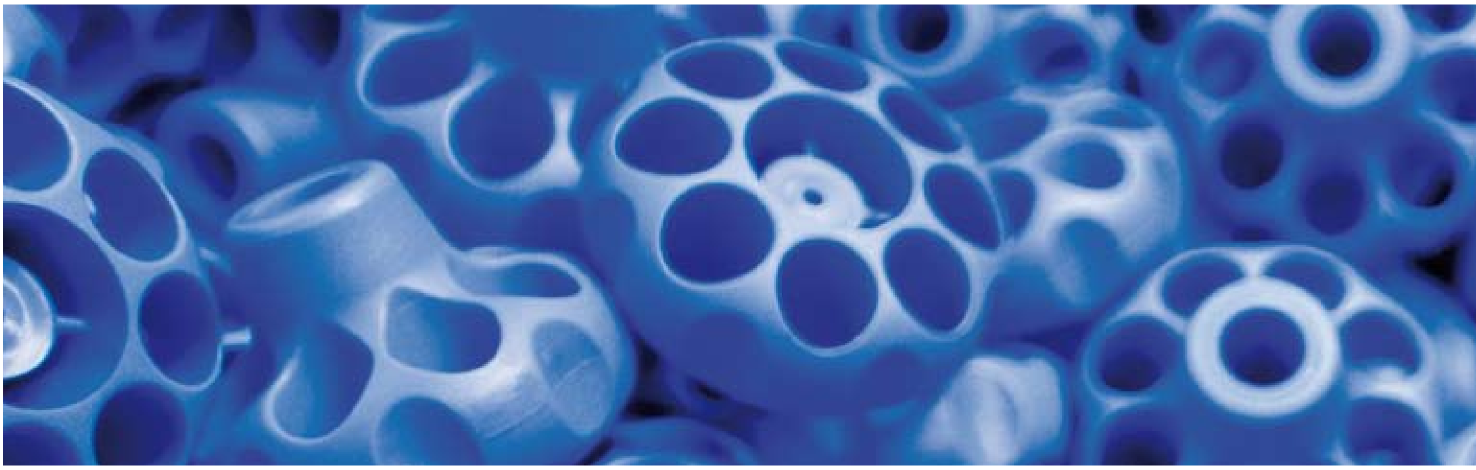
Corrosion protection

Accoat specializes in coating of surfaces to protect from corrosion. One example is the housing of a chemical reactor (process tank) in South Africa requiring a special coating. The ring has a diameter of 3.2 metres and the pipe a length of 10 metres.

Safety/tight closure

Accoat coats isolated items as well as smaller items in larger series. An example of the latter are anchors for gas valves in natural gas boilers. The anchors constitute the movable part of the valve enabling opening, closing and adjustment of the gas supply. The anchors are round metal bars, almost as the pistons in a cylinder, coated with (PTFE) to ensure easy travel and low friction. Accoat coats anchors in many sizes.

Risk management



The operation of SP Group is associated with the usual commercial and financial risks. The framework of the risk management has been determined by the Supervisory Board, which assesses the policies and framework at least once annually. The following risks have been identified as the key risks for SP Group:

Commercial risks

Market and competitor risks

The Danish primary market of SP Group has generally been characterised by excess capacity, numerous minor marketers, price pressure and customers requiring still smaller batches and more flexible productions. Furthermore, SP Group has experienced increased competition from the low cost regions in Eastern Europe and Asia, where many of the Group's customers have already established themselves or intend to establish themselves.

To counter risks on the turbulent Danish market, SP Group has again in 2006 transferred some of the production to Poland and China and this relocation will continue in future. In this way, the Group will still be able to provide services to customers outsourcing their production to these low-cost areas, and similarly, the Group will be able to find new customers in Eastern Europe and China.

Moreover, the Group's Danish production is still undergoing continuous modernisation in order to become more efficient and flexible. This modernisation will continue with the intense focus of reducing the costs and utilising the size and skills of the Group to improve competitiveness. As part of SP Group's strategy to differentiate itself more markedly, the Group is also focusing on developing processes, product design and material properties.

In relation to sales, SP Group is reducing the dependence on the Danish market through increased exports to the neighbouring markets in Northern Europe in particular and selected niche products through increasing exports globally.

Customers

SP Group has about 1,000 customers within 4 business areas. Scandinavia accounts for the main part of the sales. The ten largest customers account for approximately 43% of the Group's turnover and this share has increased from 2005. No customer accounts for more than 10% of the total revenue.

Approximately 20% of the Group's revenue relates to the medical applicance industry, which is hence the most significant individual business for SP Group. The exposure is considered suitable, as the Group supplies a large number of varied medical device companies from several different segments and countries. At group level, SP Group is therefore not over-exposed to certain lines of businesses or individual customers. However, this is in fact the case within the business area of vacuum forming, where Gibo Plast used to have a strategic role as sub-supplier to Scandinavian manufacturers of freezers/refrigerators. Gibo Plast has therefore in recent years introduced certain initiatives to reduce the dependency on these customers.

Flagging sales to a few or more customers could have considerable effect on the Group's cash generating ability. To minimise this risk, the Group seeks to enter multi-year customer and cooperation contracts, which determines the general terms of future orders. Furthermore, SP Group is engaged in tasks of production development in cooperation with the customers in order to stand out as a strategic partner. Finally, the Group works on the development of several niche products and products under own trade mark, where the Group is able to control the sales to a higher extent.

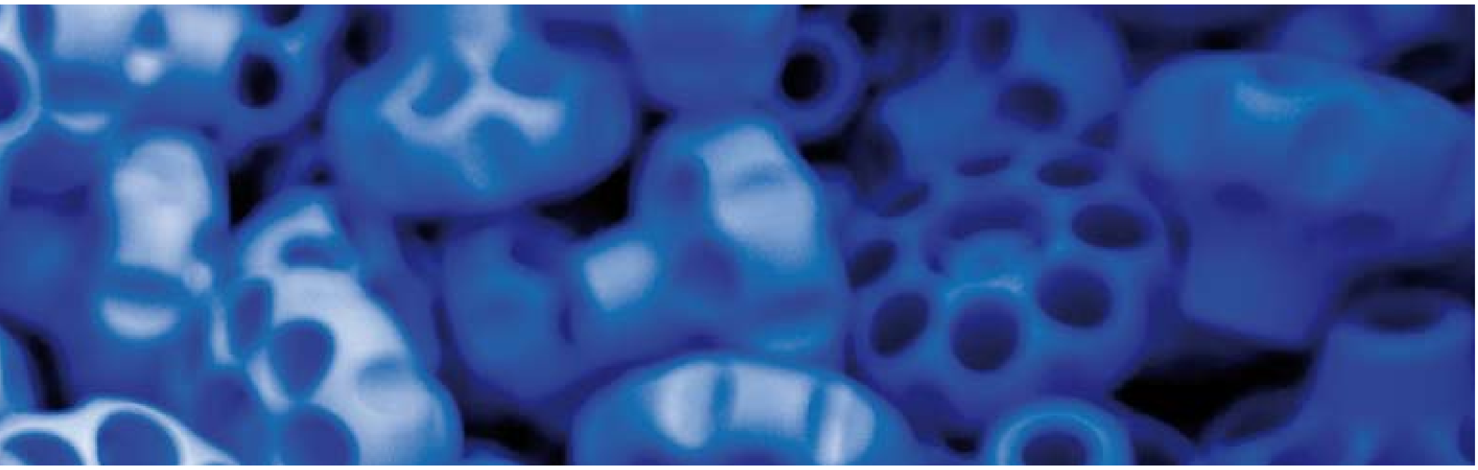
Raw material prices and suppliers

The earnings of SP Group depend on the prices of oil, energy and other production materials. Most of the raw materials of the Group are oil-based, and large fluctuations in oil prices may therefore lead to price increases, which cannot be transferred directly to sales prices.

SP Group has centralised the Group's purchasing of critical raw materials to achieve a better bargaining position by purchasing larger bulks and increasing the level of delivery reliability. At the same time, SP Group is continuously investigating the possibility of outsourcing critical raw material globally. The exposure to oil-driven increases in raw material prices may be diminished but will fundamentally remain present. SP Group continues to enter hedging contracts on electricity, gas and raw material and have price adjustment contracts with numerous customers.

Restructuring the production system

The production system of the Group is continuously changed, partly by investing in new production equipment and partly by modifying the distribution of tasks. This means that the Group gradually builds up improved spe-



cialisation of the production at each factory and that efficiency is increased. There is a risk that the implementation of these changes may cause delays and disruptions and hence inflict extra costs or affect business volume. There is also the risk that transferring productive equipment or production tasks may cause delays or price increases.

Through careful planning, SP Group aims at minimising the costs and time spent by restructuring the production system. A smooth and swift implementation of these processes is a necessary prerequisite for increasing the profitability of the Group.

Financial risks

The Supervisory Board has decided to avoid all active speculation in financial risks. The Group's cash flow and incurring of debt are controlled centrally.

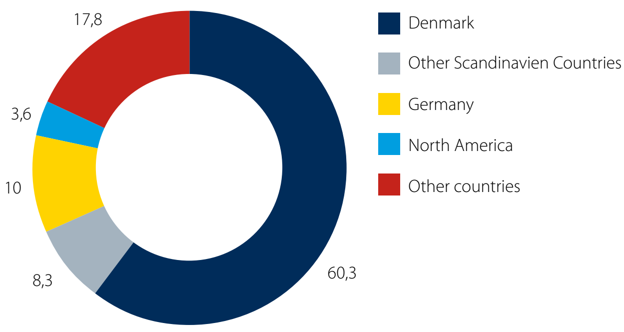
Interest rate risks

Interest rate risks primarily come from the interest-bearing net liabilities made up by mortgage debt and debt owed to the bank less negotiable current-asset investments and liquid funds. By the end of the year, the interest-bearing net liabilities came to DKK 337 million.

Of the total debt, DKK 46 million is fixed-rate loans with an average interest rate of 5.0%, whereas the remaining part of the debt is based on floating rate loans with an average interest rate of 4.5 % and are effective for the coming year. An increase in the general interest level of one percentage point would mean an increase of interest costs of approximately DKK 3 million pre-tax.

SP Group focuses on increasing cash flows from operating activities so that the Group can reduce the net interest-bearing debt and finance own investments with cash flows from operating activities. The Group aims at reducing the debt by selling non-value creating assets and activities and by making operational lease agreements on production equipment.

Revenue by geography in % – 2006



Credit risk

SP Group is systematically and continuously supervising the crediting rating of the customers and cooperative partners and makes use of credit insurance to hedge the credit risks partially.

No individual customer or cooperative partners pose an unusual credit risk to the Group. The customers and cooperative partners are normally well-reputed companies. The customers come from many different business sectors and countries, which reduces the total credit risk.

Currency risks

SP Group concludes currency transactions to hedge commercial agreements. The hedging takes the form of forward exchange contracts and options and the management of the Group continues to assess the need for hedging each individual transaction.

Currency risks are limited on the income side, as approximately 90% of sales are recognised in Scandinavian currencies or EUR. The remaining part of sales is recognised in USD or currencies that are somehow tied to the USD.

95% of the Group's fixed costs are incurred in Scandinavian currencies or EUR. Similarly, purchasing is chiefly incurred in DKK or EUR, although the prices of the goods depend on USD on an underlying basis.

50% of the Group's long-term financing is obtained in CHF and the remaining debt is obtained in DKK and EUR. To reduce the currency risk and match income and expenses, the debt relating from Chinese and Polish companies is refinanced in USD, PLN and EUR.

Corporate Governance

Proper and decent management

It is the goal of SP Group to be managed in a proper and decent way, which will create long-term value for the shareholders, customers, the employees and other stakeholders. The management sets up clear strategic and financial goals, which SP Group follows up on in the external reporting, and it is essential for the Supervisory Board that the shareholders can exercise their rights freely.

The Executive and Supervisory Boards wish to create openness and transparency about the work and attitude of the Group's management. On the website www.sp-group.dk the management therefore presents the recommendations of OMX/Copenhagen Stock Exchange on good corporate governance and explains the reason why the management in some areas has chosen a different corporate governance for the Group.

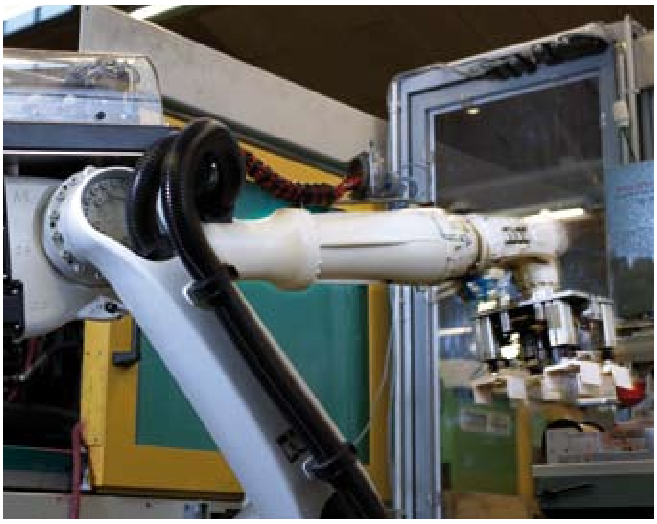
SP Group observes the majority of the recommendations. These are the main deviations:

- SP Group has no limitations on the number of offices a member of the Supervisory Board is allowed to have. The Supervisory Board finds that the capacity and contribution of each individual member are more important than the number of offices. In practice, all members keep within the recommended limit.

- At the Annual General Meeting in April 2007, the Supervisory Board will suggest that the articles of association are changed to discontinue the age limit of 70 years for members. The Supervisory Board finds that the age limit is discriminating, and also that the capacity and contribution of each member are more important than their birth certificates.

- At each meeting, it is common practice for the Supervisory Board to have a short discussion on the work and results of the Supervisory Board the mutual interplay and the interplay with the management. The Supervisory Board finds that this on-going discussion represents more value for the ability of the Supervisory Board to develop than one annual gathering would have.

In certain few areas, SP Group has not formalised the procedures and policies to the same extent as suggested by OMX/Copenhagen Stock Exchange.



The work of the Supervisory Board.

In 2006 the Supervisory Board has held 8 meetings, of which two of them focused on strategy and budgets, respectively. The annual revision of the rules of procedure took place on 22 June 2006.

The Supervisory Board receives a weekly report on a number of fixed subjects, including cash flow and development of the business areas. Moreover, the Supervisory Board receives an actual monthly report with detailed financial follow-up. In 2006, the Supervisory Board had regular discussions on the financial structure and the situation of shares. The Supervisory Board assesses that the structure is suitable for the Group with its current scope and challenges.

The remuneration and composition of the Supervisory Board

The shareholder-elected members are elected each year, whereas the employee directors are elected for a four-year period. The Supervisory Board has no incentive programmes; but receives an ordinary remuneration, which is determined by the Annual General Meeting. The recommended remuneration in 2007 for the Supervisory Board remains unchanged at DKK 250,000 to the chairman, 135,000 to the vice-chairman and 125,000 to other members.

In 2006, the Supervisory Board was trimmed from eight to seven members – five shareholder-elected and two employee-elected members. At the Annual General Meeting in 2007, managing director Erling Larsen will resign and the Supervisory Board does not suggest any successor. Hence, the number of board members will drop to six members, which is assessed to be an appropriate number, as the Supervisory Board will then be effective while at the same time being diverse enough to represent several different experiences.

The Supervisory Board is composed of persons with relevant insight into the business and similarly, Niels K. Agner and Erling Larsen have previously represented large shareholders, and Hans Wilhelm Schur is still connected to one large shareholder of the company, but none of these could have been characterised as a principal shareholder. No member of the Supervisory Board has any other interest in SP Group than as a shareholder, and SP Group assesses that the Supervisory Board possess the qualifications and experiences, which are necessary to be able to manage the Group and act as sparring partner to the Executive Board.

Fee policy

SP Group has established a warrant scheme for CEO Frank Gad to tie him closer to the Group. In 2005, the Annual General Meeting adopted an authorisation to issue the necessary number of shares, which Frank Gad should be warranted, thus giving him the right to subscribe for 54,000 shares from November 2007 to November 2008 inclusive. The exercise price has been fixed at DKK 81, which was the price at Frank Gad's employment – plus an annual allowance of 7.5%.

In June 2006, SP Group established an options programme for Frank Gad giving him the right to buy 13,975 shares in the period from March 2009 to March 2010. The exercise price is set at 109 – the price at the beginning of 2006 – plus an annual surcharge of 7.5% as of 1 January 2006 and until the options have been exercised. The programme is covered by the company's own holding of shares.

Frank Gad,
CEO
Frederiksberg, born in 1960, Master of Commerce. Frank Gad took up his position in November 2004 and is also CEO of SP Moulding A/S.
Previous employment: CEO of FLSmidth A/S (1999-2004), President of Mærsk Container Industri A/S (1996-1999) and employment at Odense Staalskibsværft (1985-1999), and ended as Executive Vice President.
External positions: Member of the board of Danionics A/S and Danionics Asia Ltd. Hong Kong and Plastindustrien i Danmark. Director of Frank Gad ApS.
Shares in SP Group: 32,100 personally owned (+1,600 in 2006) and 18,600 through his own company (+10,100 in 2006).

Jørgen Hønnerup Nielsen,
CFO
Odense, born in 1956, Graduate Diploma in Business Administration. Jørgen Hønnerup Nielsen was employed in Tinby in 1987 and has been employed in SP Group since 2002.
Previous employment: Rasm. Holbeck og Søn A/S 1985-87, Revisionsfirmaet Knud E. Rasmussen 1978-85.
External positions: None
Shares in SP Group: 809 personally owned (+309 in 2006).

SP Group has not established any other option or warrant programmes for other executives. However, the Supervisory Board believes that share-based arrangements are necessary to ensure that SP Group will be able to attract and retain qualified executives and key persons. Add to this, that the Board has a desire to reward executives for their contributions to the long-term value creation, and that the executives and shareholders have a common interest in increased share prices.

At the Annual General Meting, the Supervisory Board will therefore ask for permission to compose a warrant scheme to a wider part of the executives of the Group. The Supervisory Board wishes to make a multi-annual programme to promote long-term conduct among the executives and also, the Supervisory Board wishes to adopt as a principle that the programme starts carrying value for the executives only when the shareholders have ascertained an increase in value. Therefore, the exercise price will be higher than the price at the allotment, a situation that is similar to the existing programme.

The remuneration of the Executive Board totalled 3.7 million in 2007 against 3.7 the previous year, where remuneration was paid to a resigning executive for several months. The salary of Frank Gad was DKK 2.2 million excluding share-based remuneration of DKK 417,000 (made up according to the Black Scholes-model at the time of distribution) and the salary of EVP Anders S. Andersen was 1.0 million. The Executive Board bears the pension contribution itself. The company's notice of dismissal to Frank Gad is 24 months and 12 months to Jørgen Hønnerup Nielsen. If the Executive Board is dismissed in connection with a take-over of the Group (including a merger or other acquisition), the company will not be obliged to pay any further severance pay.

The Executive Board

As of 1 March 2007, CFO Jørgen Hønnerup Nielsen was admitted as member of the Executive Board. EVP Anders S. Andersen, who was admitted to the Group Executive Board on 1 March 2005 and also was Managing Director of Gibo Plast, left the Group on 1 March 2007 to engage in other activities.

In future, CEO Frank Gad and CFO Jørgen Hønnerup Nielsen will constitute the Executive Board.

Further information about corporate governance is available in the section on corporate governance on the SP Group's website www.sp-group.dk.

The Executive Management

Other executive employees of SP Group are:
Søren Jensen, Managing Director of Gibo Plast
Steen Ole Therkelsen, Managing Director of Tinby
Mogens Kryger, Managing Director of Ergomat
Hans Knudsen, Plant Director of SP Moulding
Kenny Rosendahl, Director of SP Medical
Niels Uhrbrand, Managing Director of Accoat
Jens Hinke, Director of R&D of SP Group
Jeroen van der Heijden, Managing Director, TPI Polytechniek, Holland
Adam Czynzynski, Managing Director of Tinby Sp. z o.o., Poland
Kevin Wu, Managing Director of SP Moulding (Suzhou) Co., Ltd., China

Directorship in Danish and foreign companies etc.

Niels Kristian Agner,
Director, Værløse, born 1943
Supervisory Board member and chairman since 1995.
No. of shares: 6,400 personally owned (+600).
Other honorary posts: Pigro Management ApS (CEO), A/S Dantherm Holding (SBM), Dantherm Fonden (SBM), Aktieselskabet Schouw & Co. (SBM), G.E.C. Gad A/S (SBC), G.E.C. Gads Boghandel A/S (SBC), G.E.C. Gads Forlag Aktieselskab af 1994 (SBC), G. W. Energi A/S (SBM), INCUBA Venture I K/S (SBC), InnFond P/S (SBC), InnKomplementar A/S (SBC), Interket.dk A/S (SBM), NOVI A/S (SBC), NOVI Ejendomsfond (SBM), Direktør Hans Hornsyld og Hustru Eva Hornsylds Legat (SBM), Direktør Svend Hornsylds Legat (SBM) and SP Moulding A/S (SBC).

Erik Christensen,
Director, Vejle, born 1937
Supervisory Board member since 2002.
No. of shares: 3,000 personally owned (unchanged) and 3,700 through the company (+2,700).
Other honorary posts: Andreas Andresen A/S (SBM), B Import A/S (SBM), Ejendomsselskabet Sjællandsvej A/S (SBM), EKV transport A/S (NF), Eltronic A/S (SBC), Handelsselskabet af 1. marts 2000 A/S (SBM), Hyundai Bil Import A/S (SBM), KK transport A/S (SBC), Konsul Axel Schur og Hustrus Fond (SBM), Lada Danmark A/S (SBM), Luise Andresens Fond (SBC), Nic. Christiansens Fond (SBC), Nic. Christiansens Holding A/S (SBC), Nic. Christiansens Holding af 1985 ApS (SBC), Sarepta A/S (SBM), Schur Conference Center a/s (SBM), Schur International a/s (SBM), Schur Invest a/s (SBM), Unic Parts A/S (SBM), Vamdrup Klargøringscentral A/S (SBM), B. Christiansen Holding A/S (SBM), and K. Christiansen Holding A/S (SBM)

Hans Wilhelm Schur,
CEO, Horsens, born 1951
Supervisory Board member since 1999.
No. of shares: 0 (unchanged).
Other honorary posts: Dansk Industri, Horsens (SBM), Glunz & Jensen Fonden (SBM), Industrimuseet i Horsens (SBC), Konsul Axel Schur og Hustrus Fond (SBC), Schur International a/s (CEO og SBM) og Schur Invest a/s (CEO og SBM), and member of Nykredits repræsentantskab.

Erik Preben Holm,
CEO, Hellerup, born 1960
Supervisory Board member since 1997, deputy chairman
No. of shares: 0 (unchanged).
Other honorary posts: CEO of Dyrup A/S.
Arvid Nilsson A/S (SBM), Arvid Nilssons Fond (SBM), Dyrup A/S (CEO), LD Fond 1, Investeringskomité (SBM).

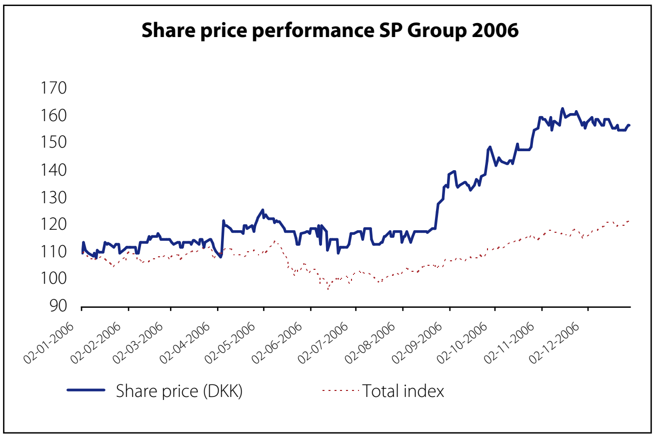
Erling Larsen,
Director, Allerød, born 1940
Supervisory Board member since 1999.
No. of shares: 0 personally owned (unchanged).
Other honorary posts: Cens A/S (SBM), Kærup Erhvervspark A/S (CEO og SBM), PBInge A/S (SBM), PBI Holding A/S (CEO og SBM), PBI-Dansensor A/S (SBC), Glunz & Jensen Fonden (SBM) and Powercharge A/S (SBC).

Karen M. Schmidt,
Operator, Otterup, born 1951
Employee representative 2002.
Latest election for the Supervisory Board in 2002.
No. of shares: 90 (unchanged).

Poul H. Jørgensen,
Operator, Søndersø, born 1961
Employee representative since 2002.
Latest election for the Supervisory Board in 2002.
No. of shares: 45 (unchanged).

CEO=Chief Executive Officer, SBC = Supervisory Board Chairman, SDC = Supervisory Deputy Chairman, SBM = Supervisory Board Member

Shareholder information



Overall objective

The objectives are in SP Group Investor Relations to ensure the liquidity of the Company's share and that the pricing of the share reflects the Group's established results and future earnings potentials. The goal of SP Group is to create a positive return for its shareholders through increases in the share price and – in the longer term – also dividends.

Increase of the share capital

SP Group shares are listed at OMX/Copenhagen Stock Exchange under the symbol of SPG and the ISIN code DK00102244771. The share capital is DKK 200m distributed on 2,000,000 shares of DKK 100. SP Group only has one class of shares, the shares are freely negotiable, and ownership and voting rights are not subject to any restrictions.

The share capital was increased twice in 2006: By 177,800 new shares in April in an issue directed at particularly institutional investors with a view to adjusting the capital structure to the future growth. And by 43,530 new shares in August in an issue directed at Claus Lendal, director, when he sold his shares in the American subsidiary Ergomat LLC to SP Group. The two capital increases were both made at market price -i.e. 110 and 118, respectively- and gave the Company net proceeds of DKK 23.7m.

Return from increased prices

At present the Supervisory Board of SP Group intends to apply the profit on strengthening the Company's financial position and financing initiatives that will contribute to a profitable growth. The Board will not propose any dividend until the Group's equity again exceeds the share capital, and the Group has steadily met its financial objectives of having profit before tax and minorities come to 5% of the revenue.

Until that time shareholders' returns are to be created by increases in the share price. In 2005 and 2006 the rising share price gave shareholders an annual return of 29% and 42.7%, respectively.

Development in share price and revenue

At year-end the share had a price of DKK 157 and thus increased by 42.7%. The price increase particularly occurred in the last six months of the year, where the Group raised its expectations of the year in August and November.

In 2006 the interest in the share increased on the part of i.a. institutional investors; at the same time a few of the Company's former major shareholders reduced their holdings or sold them off completely. The share liquidity increased, and in the course of the year 1,834,645 were traded corresponding to 92% of the Company's share capital at the end of the year and 103% of the share capital at the beginning of the year. The total market value of shares traded rose to DKK 239.3m against DKK 95.6m in 2005 and a mere DKK 0.7m in 2004.

In January 2007 SP Group has been included in the SmallCap+ index. With an average daily turnover of the share of about DKK 0.9m an order frequency of some 90% and an average spread of 2.0% SP Group meets three of the material criteria set up to be accepted in the MidCap+ index.

More shareholders

Only two years ago SP Group was under the control of eight large shareholders. At the beginning of 2005 only 6% of the share capital lay outside this group and the share was in fact illiquid. In March 2006 the major shareholders' shares were reduced to 46.4%, distributed on four shareholders, and in the course of the year a further spread of the share took place in conformity with the Group's goal of having a liquid share with a significantly free flow.

So in mid-March 2007 the Group only has three shareholders who have reported that they own more than 5%, viz. Schur Invest A/S, Mørksø Invest ApS and Shareholder Invest Growth A/S. At the same time the number of shareholders has increased by a fair 28%, so in mid-March 2007 the Group had 673 registered shareholders holding about 75% of the share capital. The number of registered shareholders outside Denmark is still modest (28), but the non-Danish ownership interest is rising, and about 8% of the registered shares are owned by shareholders outside Denmark.

Ownership at mid-March 2007

Name	**Domicile**	**No. of shares**	**Share (%)**
Schur Invest A/S	Horsens	231,449	11.6%
Mørksø Invest ApS	Skive	184,678	9.2%
Shareholder Invest Growth A/S	Horsens	155,000	7.8%
		571,127	28.6%
Distribution of other shares			
SP Group (treasury shares)		13,975	0.7%
Registered shares less than 5%		918,146	45.9%
Not registered		496,752	24.8%
TOTAL		**2,000,000**	100.0%

In mid-March 2007 members of the Supervisory and Executive Boards owned a total of about 3.2% of the shares. The ownership interest is made up excluding related parties, incl. Schur Invest A/S, which is a related party to Hans Wilhelm Schur, member of the Supervisory Board.

Strengthened information

SP Group's ambition for 2007 was to be included in the special Danish SmallCap+ index of the most liquid SmallCap shares. This ambition was fulfilled with effect from 2 January 2007.

The Company has now decided to meet the information requirements made of larger companies in the special Danish MidCap+ index (companies having a market value over EUR 150 million). This means that as from 2007 SP Group will publish all its stock exchange announcements in both Danish and English, and the Group's website will be updated and enhanced in both languages.

SP Group aims at engaging in an ongoing, on-time and balanced dialogue with current and potential shareholders, share analysts and other stakeholders within the framework applicable to listed companies. SP Group is continuously involved in meetings with both professional and private investors and analysts and the time spent on meetings increased in 2006. Presentations from these meetings are available at the website, where interested readers will also find other relevant information and a facility for subscribing to the news. In order to reach as many stakeholders as possible SP Group will also webcast at least two presentations each year, and via the website strive to make relevant information accessible. Finally, SP Group puts emphasis on responding to all requests and enquiries from shareholders and other stakeholders as soon as possible.

Stock Exchange Announcements Published in 2006

No. 01/2006	Acquisition of enterprise
No. 02/2006	Financial calendar
No. 03/2006	Annual Report 2005
No. 04/2006	Issue of new shares
No. 05/2006	Increase of share capital
No. 06/2006	Insider trading
No. 07/2006	Notice of Annual General Meeting
No. 08/2006	Change to group of shareholders
No. 09/2006	Insider trading
No. 10/2006	Interim financial report for Q1 2006
No. 07/2006	Course of events at the Annual General Meeting
No. 12/2006	Announcement that the Chairman's Report is available at the Group's website
No. 13/2006	Insider trading
No. 14/2006	Information published
No. 15/2006	Acquisition of enterprise
No. 16/2006	Contract with Egalet a/s
No. 17/2006	Establishment of option scheme for the company's CEO
No. 18/2006	Acquisitions in the USA and Canada and issue of new shares
No. 19/2006	Interim financial report for the first half-year period 2006
No. 20/2006	Insider trading
No. 21/2006	Change to group of shareholders
No. 22/2006	Insider trading
No. 23/2006	Insider trading
No. 24/2006	Insider trading
No. 25/2006	Interim financial report for Q3 2006
No. 26/2006	Insider trading
No. 27/2006	Insider trading

In 2006 SP Group reviewed its IR policy and introduced an idle period of three weeks before the publication of scheduled quarterly and full-year reports, where the Group does not comment on financial results or expectations. Outside these idle periods the focal point of communications to the share market will be the well-defined financial goals set up by the Group and on which SP Group continuously follows up.

Responsible for the contact to investors is Frank Gad, CEO
Telephone: +45 70 23 23 79, E-mail: info@sp-group.dk.

Other shareholders' information is available at www.sp-group.dk. Here you will also find an overview of the stock exchange announcements issued by the Company in 2006.

Financial Calendar for 2007

29. March	Preliminary announcement of financial statements for 2006
27. April	Annual General Meeting and Quarterly Announce for Q1 2007
22. August	Interim announcement for 1st half 2007
5. November	Quarterly Announce for Q3 2007

Supplementary information

Differentiation

As part of SP Group's strategy to stand out more markedly as a partner and launch more own niche products the Group is focusing on the development of its know-how about raw materials, processes, design and property of materials. Enhancing competencies in these areas is a prerequisite for SP Group's being able to supply solutions that add more value to customers than conventional sub-suppliers' supplies and which are thus less price sensitive.

SP Group may add certain properties to advanced plastics so they can substitute precious metals, steel and aluminium. Possible properties are e.g. that the plastic material conducts electricity and heat, that it is anti-static, very strong and withstands ultra-high temperatures. In 2006 the R&D department of SP Group had particular focus on nanocomposites (nanofillers) and nanopaint (coating), laminates (special finishes cast on top of conventional plastics) and anti-microbial finishes.

Within processes SP Group endeavours to differentiate itself within two and three-component injection moulding, PVD (metal coating of plastic), laser (high-tech energy supply), rational coating of small items in big batches and new injection moulding techniques. In 2006 SP Group focused on induction (high-tech energy supply), plasma coating, application of nanocoatings, RFID (incorporation of small chips into materials/products), lotus effect (establishment of hydrophobic microstructures) and injection moulding of pharmaceutical products.

Development efforts

The development efforts are co-ordinated by SP R&D which takes part in all major development projects across the Group, assesses the potentials of new materials, develops new products and supports the business areas. SP R&D works closely with the Group's sales functions and technical departments to ensure that there is focus on the market potential in all solutions. Besides the employees in SP R&D, there are about 50 persons in the Group who are employed on concrete and customer-specific development tasks, and the work on developing products and technologies also involves customers and other partners within industry and in the research environments.

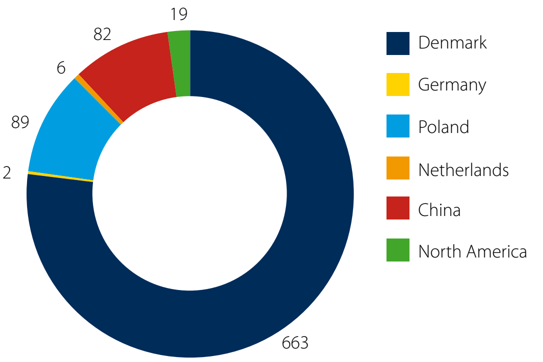
In 2006 SP Group formed a contract with the Technical University of Denmark regarding a four-year Ph.D-project on new frying processes on non-stick finishes with low fat consumption. SP Group is also party to a four-year project together with the Technological Institute, University of Aarhus and other enterprises on developing new types of coating, Nanopaint, based on the nanotechnology. When using Nanopaint the surfaces may be treated at lower temperatures, and the processing gives materials special properties, such as good adhesion, corrosion protection and water and dirt repellent properties. As a result of the participation in both projects SP Group builds up competencies which may influence the Group's consumption of raw materials and the design of products.

Environmental issues

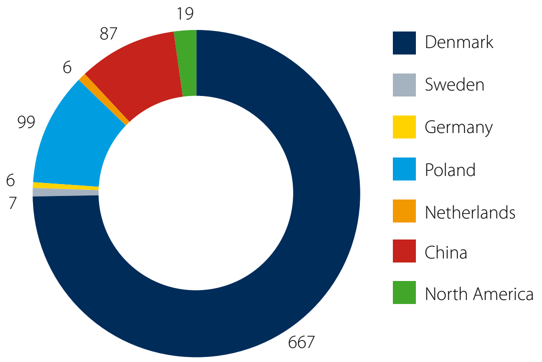
SP Group's strategy is for all the Group's enterprises to implement a certifiable control system which ensures:

- that environmentally friendly products are applied in the production and development processes
- that the amount of garbage and waste as well as the resource consumption is minimised
- that materials are recycled to the extent possible
- and that the employees are to have a satisfactory work environment, where great considerations are made for security and environmental impacts.

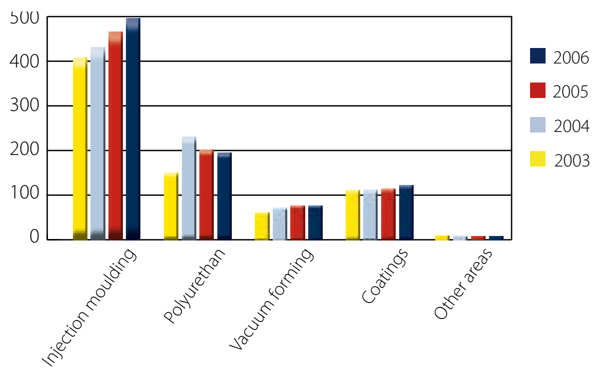
Distribution of employees by geographical areas in 2005 in %



Distribution of employees by geographical areas in 2006 in %



Distribution of employees (average)



In Q1 2007 Gibo Plast will perform a trial audit for the purposes of environmental certification to the ISO 9001:2000, OHSAS 18001:2004 and ISO 14001:2004 standards and certification is expected in the last six months of the year.

The most important impact on the environment appears in connection with the consumption of energy, raw materials and derived waste of materials from production. Every month SP Group measures on a number of key figures for inter alia consumption of energy, heating, water and raw materials in all its works, and the results are use for benchmarking.

In 2006 Accoat inaugurated a new plant for surface coating of extremely big and heavy components. This was one of the consequences of ventilation in the old plant being obsolete.

The Group estimates that it meets all current environmental regulations and that no enforcement orders remain unsolved in production.

Recruitment of employees

On average SP Group had 891 employees in 2006, which is an increase of 3.5%.

In Denmark it is becoming an increasing challenge to recruit and hold on to employees, as unemployment is very low and trade cycles are at a high. The biggest problem has been to fill the vacancies of plastics engineers. Endeavours are made to solve these problems locally by either bringing old plastic engineers back into the labour market, by establishing more apprenticeships and by involving other employees more strongly in the planning of work and processes. SP Group has also opened cooperation with AMU Syd, which means that persons with another trade background receive relevant education and training, and they are trained at SP Group. In this way we build up a network of potential employees with the right qualifications. Finally, about 100 employees have attended in-service training for more than one week in the course of the year.

Statement by Management on the annual report

We have today presented the annual report of SP Group A/S for the financial year 1 January to 31 December 2006.

The annual report is prepared in accordance with the International Financial Reporting Standards as adopted by the EU and further Danish disclosure requirements for annual reports of listed companies.

We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's financial position at 31 December 2006 as well as of the Group's and the Parent's activities and cash flows for the financial year 1 January to 31 December 2006.

We recommend the annual report for adoption at the Annual General Meeting.

Søndersø, 29 March 2007

Executive Board

Frank Gad
Chief Executive Officer

Jørgen Hønnerup Nielsen
Chief Financial Officer

Supervisory Board

Niels K, Agner
Chairman

Erik Preben Holm
Deputy Chairman

Erik Christensen

Erling Larsen

Hans Wilhelm Schur

Poul Henning Jørgensen
Employee representative

Karen Marie Schmidt
Employee representative

Independent auditors' report

To the shareholders of SP Group A/S

We have audited the annual report of SP Group A/S for the financial year 1 January to 31 December 2006, which comprises the statement by Management on the annual report, Management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes of the Group as well as the Parent. The annual report is prepared in accordance with the International Financial Reporting Standards as adopted by the EU and further

Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the enterprise's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the enterprise's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 31 December 2006 and of the results of the Group's and the Parent's operations and cash flows for the financial year 1 January to 31 December 2006 in accordance with the International Financial Reporting Standards as adopted by the EU and further Danish disclosure requirements for annual reports of listed companies.

Odense, 29 March 2007

Deloitte
Statsautoriseret Revisionsaktieselskab

Henning Jensen	Fl. Heden Knudsen
State Authorised	State Authorised
Public Accountant	Public Accountant

Accounting policies

The annual report of SP Group A/S for 2006, which includes both the parent financial statements and the consolidated financial statements, is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class D (listed) enterprises, see the Danish Executive Order on IFRS Adoption issued in accordance with the Danish Financial Statements Act.

The annual report also complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The annual report is presented in Danish kroner (DKK), which is regarded as the primary currency in relation to the Group's activities and the functional currency of the Parent.

Except for certain financial instruments which are measured at fair value, the annual report is presented on a historical cost basis. Otherwise, the accounting policies applied are as described below.

With effect from 1 January 2006, the operating activity in the Parent SP Group has been hived off into two independent companies, Tinby Danmark A/S and Ergomat Danmark A/S. The comparative figures for the Parent SP Group have not been restated.

Implementation of new and changed standards as well as interpretations

Change in accounting policies

The annual report for 2006 is presented in accordance with the new and changed standards (IFRS/IAS) and the new financial reporting interpretations (IFRIC), which apply to financial years beginning on or after 1 January 2006.

The following changes and interpretation contributions have been implemented:

- Amended IAS 39, Recognition and measurement of financial assets and liabilities at fair value in the income statement.
- IFRIC 4, Determining whether an arrangement contains a lease.

The implementation of this has not affected the annual report.

Standards and Interpretations that have not yet become effective

At the time of publication of this annual report, the following new or amended Standards and Interpretations have not yet become effective, for which reason they have not been incorporated in this annual report:

- Amended IAS 32, Financial instruments: Disclosures and presentation relating to requirements of disclosures on financial instruments which are transferred to IFRS 7, The amended Standard is effective for financial years beginning on or later than 1 January 2007.
- New IFRS 7, Financial Instruments: Disclosures. The Standard is effective for financial years beginning on or later than 1 January 2007.
- New IFRS 8, Business segments. The Standard is effective for financial years beginning on or later than 1 January 2009. The Standard has not yet been adopted by the EU.
- New IFRIC 8, Scope of IFRS 2. The Interpretation is effective for financial years beginning on or later than1 May 2006.
- New IFRIC 9, Reassessment of Embedded Derivatives. The Interpretation is effective for financial years beginning on or later than 1 June 2006.
- New IFRIC 10, Interim Financial Reporting and Impairment. The Interpretation is effective for financial years beginning on or later than 1 November 2006. The Interpretation has not yet been adopted by the EU.

The above list only includes Standards and Interpretations expected to be relevant for the Group.

Management has assessed that the future application of these new and changed Standards and Interpretations will not materially influence the annual reports for the coming financial years, except for the additional disclosure requirements for financial instruments and business segments following from the implementation of IFRS 7 and IFRS 8.

The Group has decided not to pre-implement new and amended Standards and Interpretations which do formally not become effective until subsequent financial years.

Consolidated financial statements

The consolidated financial statements include SP Group A/S (Parent) and the enterprises (subsidiaries) controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of SP Group A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statement items of a uniform nature. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

On consolidation intra-group income and expenses, intra-group accounts as well as profits and losses on transactions between the consolidated enterprises are eliminated.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata share of profit/loss forms part of the Group's net profit/loss and is a separate element of the Group's equity.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Time of acquisition is the date on which control of the enterprise is actually acquired. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up. Time of divestment is the date on which control of the enterprise actually passes to a third party.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets, liabilities and contingent liabilities of these enterprises are measured at fair value at the acquisition date. Non-current assets acquired for the purpose of resale, however, are measured at fair value less anticipated selling costs. Restructuring costs are only recognised in the pre-acquisition balance sheet if they constitute a liability for the acquired enterprise. Allowance is made for the tax effect of the restatements.

The cost of an enterprise consists of the fair value of the consideration paid plus costs which are directly attributable to the acquisition of enterprise. If the final determination of the consideration is conditional upon one or several future events, adjustments are only included in cost if the relevant event is probable and the effect on cost can be calculated reliably.

Positive differences (goodwill) between cost of the enterprise acquired and the fair value of the assets, liabilities and contingent liabilities acquired are recognised as an asset under intangible assets and are tested for impairment at least once a year. If the asset's carrying amount is higher than its recoverable amount, it is written down to this lower recoverable amount.

For negative differences (negative goodwill), the calculated fair values and the calculated cost of the enterprise are reassessed. If the fair value of the acquired assets, liabilities and contingent liabilities after the reassessment still exceeds cost, the difference is recognised as income in the income statement.

On transition to IFRS, business combinations that occurred before 1 January 2004 have not been restated to reflect the changes in accounting policies. The carrying amount at 1 January 2004 of goodwill relating to business combinations performed before 1 January 2004 is considered to be the cost of goodwill. At 31 December 2006, the carrying amount of goodwill relating to business combinations performed before 1 January 2004 totals DKK 74,795k.

Profits or losses from divestment or winding-up of subsidiaries

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and carrying amount of the net assets at the time of divestment or winding-up, inclusive of goodwill, accumulated exchange rate adjustments taken directly to equity, and estimated divestment or winding-up expenses. The selling price is measured at fair value of the received consideration.

Foreign currency translation

On initial recognition, transactions in currencies different from the Group's functional currency are translated applying the transaction date exchange rate. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated applying the transaction date exchange rate. Non-monetary items that are restated at fair value are translated using the exchange rate at the date of restatement.

When enterprises which present their financial statements in a functional currency different from Danish kroner (DKK) are recognised in the consolidated financial statements, the income statements are translated at the months' average exchange rates unless they vary significantly from the actual exchange rates at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the relevant acquired entity and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign enterprises' equity at the beginning of the year using the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity. Similarly, exchange differences arising out of changes that have been made directly in the foreign enterprise's equity are taken directly to equity as well.

When foreign subsidiaries which use Danish kroner (DKK) as functional currency, but present their financial statements in a different currency are recognised in the consolidated financial statements, monetary assets and monetary liabilities are translated at the balance sheet date exchange rate. Non-monetary assets and liabilities which are measured based on historical cost are translated at the transaction date exchange rate. Non-monetary items measured at fair value are translated using the exchange rate at the date of the latest fair value adjustment.

The income statement items are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary assets and liabilities.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair value at the date of settlement. Directly attributable expenses related to the purchase or issue of the individual financial instrument (transaction costs) are added to fair value on initial recognition unless the financial asset or the financial liability is measured at fair value with recognition of fair value adjustments in the income statement.

Subsequent to initial recognition, derivative financial instruments are measured at fair value at the balance sheet date.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for efficiently hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant transactions.

Changes in the fair value of derivative financial instruments that are applied for hedging net investments in foreign enterprises are recognised directly in equity if hedging is efficient. If the relevant foreign enterprise is divested, the accumulated changes in value are taken to profit and loss.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Share-based incentive schemes

Share-based incentive programs under which employees may only opt to purchase shares in the Parent (equity arrangements) are measured at the equity instruments' fair value at the time of allotment and are recognised in profit and loss under staff costs over the period during which the employees earn a right to purchase shares. The set-off entry is recognised directly in equity.

Share-based incentive arrangements, under which employees can opt to purchase shares at an agreed price or have the difference between the agreed price and the actual share price settled in cash, are measured at fair value at the grant date and recognised in the income statement under staff costs over the vesting period. Subsequently, the incentive arrangements are remeasured at each balance sheet date and upon final payment, and changes in the fair value of the arrangements are recognised in the income statement under staff costs proportionately to the past vesting period. The related set-off entry is recognised under liabilities.

The fair value of the equity instruments is computed by using the Black-Scholes model with the parameters stated in note 4.

Taxation

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/(loss) for the year and classified directly as equity by the portion attributable to entries directly on equity. Exchange adjustments of deferred tax are recognised as part of the year's adjustments of deferred tax.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this period's taxable income, adjusted for prepaid tax.

When calculating the current tax for the year, the tax rates and tax rules in effect at the balance sheet date are used.

Deferred tax is recognised according to the balance-sheet liability method of all temporary differences between carrying amounts and tax base values of assets and liabilities, apart from deferred tax on all temporary differences occurring on initial recognition of goodwill or on initial recognition of a transactions which is not a business combination, and for which the temporary difference found at the time of initial recognition neither affects the profit or loss in terms of accounting or the taxable income.

Deferred tax is recognised on all temporary differences related to investments in subsidiaries, unless the Parent is able to control when the deferred tax is realised, and it is probable that the deferred tax will not be triggered as current tax in the foreseeable future.

Deferred tax is calculated based on the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured by using the tax rates and tax rules in the relevant countries which are based on acts passed or acts passed in reality at the balance sheet date and which are expected to apply when the deferred tax is expected to be triggered as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognised in the income statement unless the deferred tax is attributable to items previously recognised directly in equity. If so, such changes are also recognised directly in equity.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable income. On each balance sheet date, it is assessed whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

The Parent is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income.

Discontinued activities and non-current assets held for sale

Discontinued activities are material business areas or geographical areas sold or held for sale according to an overall plan. Results from discontinued activities are presented in the income statement as a separate item consisting of operating profit/loss after tax of the relevant activity and any gains or losses from fair value adjustments or sale of the assets related to the activity.

Non-current assets and groups of assets held for sale are presented separately in the balance sheet as current assets. Liabilities directly related to the relevant assets are presented as current liabilities in the balance sheet.

Non-current assets held for sale are not depreciated, but are written down to the lower of fair value less estimated selling costs and carrying amount.

Income statement

Revenue

Revenue from the sale of goods for resale and manufactured goods is recognised in the income statement when delivery has taken place and risks have been transferred to the buyer. Revenue is calculated net of VAT, duties, etc collected on behalf of a third party as well as discounts.

Cost of sales

Cost of sales comprises expenses incurred to realise the revenue. Commercial enterprises include cost of sales in production costs, and manufacturing enterprises include costs of raw materials, consumables and production staff as well as maintenance of the property, plant and equipment and intangible assets applied in the manufacturing process.

Other operating income

Other operating income comprises income of a secondary nature to the Group's primary activities.

External expenses

External expenses comprise expenses for sale, advertising, administration, premises, bad debts, etc.

Other external expenses also include costs of development projects which do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise salaries and wages, social security costs, pension contributions, etc for the Company's staff.

Public grants
Public grants are recognised when it is considered fairly certain that the grant conditions have been met and the grant will be received.

Grants for cover of costs incurred are recognised in the income statement proportionally over the periods in which the related costs are recognised. The grants are set off against the costs incurred.

Net financials
These items comprise interest income and interest expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, mortgage amortisation premium or allowance on mortgage debt, etc as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Interest income and expenses are accrued based on the principal amount and the effective interest rate. The effective interest rate is the discount rate that is used to discount expected future payments related to the financial asset or the financial liability in order for the present value of such asset or liability to match its carrying amount.

Dividends from equity investments are recognised when a final right to these dividends has been obtained. This is typically the date on which the general meeting adopts distribution from the relevant company.

Balance sheet

Goodwill
Goodwill is recognised and measured on initial recognition as the difference between cost of the acquired enterprise and the fair value of the acquired assets, liabilities and contingent liabilities, see the description under consolidated financial statements.

When goodwill is recognised, the goodwill amount is distributed on those of the Group's activities generating separate payments (cash-generating units). Determination of cash-generating units complies with the managerial structure and internal financial management and reporting in the Group.

Goodwill is not amortised, but tested at least once a year for impairment, see below.

Other intangible assets
Development projects on clearly defined and identifiable products and processes are recognised as intangible assets if it is probable that the product or the process will generate future economic benefits for the Group, and the development costs of each asset can be measured reliably. Other development costs are recognised as costs in the income statement as incurred.

On initial recognition, development costs are measured at cost. The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects and are needed to complete the project, calculated from the time at which the development project first meets the criteria for being recognised as an asset.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is up to 5 years.

Development projects are written down to any lower recoverable amount, see below. Development projects in progress are tested at least once per year for impairment.

Acquired intellectual property rights in the form of software are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over 3 years.

Acquired intellectual property rights are written down to any lower recoverable amount, see below.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For own-manufactured assets, cost comprises costs directly attributable to the manufacture of the asset, including materials, components, subsuppliers and payroll. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments. Interest expenses on loans raised to finance the production of tangible assets are not recognised in the cost of such assets.

The basis of depreciation is cost less estimated residual value. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs if the asset is of an age and a condition that is expected after the end of useful life. Cost of a total asset is divided into small components depreciated individually if the useful life is different.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	40 years
Building installations	10 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-10 years
Computer purchase	3 years

Leasehold improvements are depreciated over the rental period, however not more than 10 years.

Depreciation methods, useful lives and residual amounts are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount, see below.

Impairment of property, plant and equipment and intangible assets as well as investments in subsidiaries
The carrying amounts of property, plant and equipment and intangible assets with definite useful lives as well as investments in subsidiaries are tested at the balance sheet date for any indication of impairment. If impaired, the recoverable amount of the asset is estimated to determine the need for any write-down and the extent thereof.

The recoverable amount of development projects and goodwill is estimated annually irrespective of any indications of impairment.

If the asset does not generate cash independently of other assets, the recoverable amount of the smallest cash-generating unit in which the assets is included is estimated.

The recoverable amount is calculated as the highest value of the asset's or the cash-generating unit's fair value less selling costs and net present value. When the net present value is determined, estimated future cash flows are discounted at present value using a discount rate that reflects current market estimates of the value of money in terms of time, as well as the particular risks related to the asset and the cash-generating unit, respectively, and for which no adjustment is made in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is estimated to be lower than carrying amount, the carrying amount is written down to recoverable amount. For cash-generating units, write-down is distributed in such way that goodwill amounts are written down first and then any remaining need for write-down is distributed on the other assets of the unit, however, the individual asset is not written down to an amount that is a lower than its fair value net of estimated selling costs.

Impairment losses are recognised in the income statement. In case of any subsequent reversals of impairment losses resulting from change in assumptions of the estimated recoverable amount, the carrying amount of the asset and the cash-generating unit, respectively, is increased to the adjusted estimate of the recoverable amount, however, to no more than the carrying amount which the asset or the cash-generating unit would have had if the write-down had not been performed. Impairment losses relating to goodwill are not reversed.

Investments in subsidiaries in the Parent's financial statements

Investments in subsidiaries are measured at cost in the Parent's annual report.

If cost exceeds the recoverable amount of the investments, they are written down to such lower amount. Cost is also written down if more dividends are distributed than have in aggregate been earned by the company since its acquisition.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as allocated fixed and variable indirect production costs.

Variable indirect production costs comprise indirect materials and labour costs, and they are allocated based on pre-calculations of the goods actually manufactured. Fixed indirect production costs comprise costs of maintenance and depreciation of machinery, factory buildings and equipment applied for the manufacturing process as well as general costs relating to factory administration and management. Fixed production costs are allocated on the basis of the normal capacity of production plant.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

On initial recognition, receivables are measured at fair value and subsequently at amortised cost usually equalling nominal value less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Dividends

Dividends are recognised as a liability at the time of adoption at the Annual General Meeting.

Treasury shares

Acquisition and selling prices of as well as dividends on treasury shares are classified directly as equity under retained earnings.

Pension commitments and similar commitments

The Group has entered into pension agreements and similar agreements with a significant part of its employees.

Under defined contribution plans, the Group pays fixed contributions to independent pension providers, etc on a current basis. The contributions are recognised in the income statement in the period in which the employees have performed the work entitling the pension contribution. Contributions payable are recognised in the balance sheet under liabilities.

In the case of defined benefit plans, the Group is liable to pay a specific benefit when the relevant employees retire. The Group has not entered into any defined benefit plans.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of events in this or previous financial years and repayment of the liability is likely to result in drain on the enterprises financial resources.

Provisions are measured as the best estimate of costs necessary to settle the obligation on the balance sheet date. Provisions that are estimated to mature after more than one year after the balance sheet date are measured at their present value.

In connection with planned restructurings of the Group, provisions are only made for obligations relating to restructurings that were decided at the balance sheet date according to a specific plan, and where the parties involved have been informed about the overall plan.

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost which corresponds to the fair value of the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the repayable amount is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities, and, at the time of inception of the lease, measured at the lower of the lease asset's fair value and the present value of future lease payments.

Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

On initial recognition, other financial liabilities, including bank loans and trade payables, are measured at fair value. Subsequently, these liabilities are measured at amortised cost applying the effective interest method to the effect that the difference between proceeds and nominal amount is recognised in the income statement as a financial expense over the term of the loan.

Deferred income

Deferred income is income received for subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from enterprises acquired are recognised in the cash flow statement from the time of their acquisition, and cash flows from enterprises divested are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit or loss adjusted for non-cash operating items and working capital changes net of such income taxes paid in the financial year as are attributable to the operating activities.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and financial assets as well as acquisition, development, improvement and sale, etc of intangible assets and property, plant and equipment. In addition, cash flows in the form of lease payments made on assets held under finance leases are recognised.

Cash flows from financing activities comprise changes in the Parent's share capital and any related costs as well as the raising and settlement of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividends.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement, using the average exchange rates on a monthly basis, unless they vary significantly from the actual exchange rate at the transaction dates. In the latter case, the actual exchange rates of the individual dates are used.

Cash and cash equivalents are cash and marketable securities with an insignificant price exposure less any overdraft facilities forming an integral part of cash management.

Segment information

Segment information is provided for business segments (primary basis of segmentation) and geographical markets (secondary basis of segmentation). The segment information follows the Group's risks, the Group's accounting policies and internal financial management.

Segment income and segment expenses as well as segment assets and segment liabilities consist of the financial statement items directly attributable to each segment and the financial statement items that can be allocated to each segment on a reliable basis. The non-allocated financial statement items primarily relate to assets and liabilities as well as income and expenses involved in the Group's administrative functions, investment activities, income taxes, etc.

Non-current assets in the segments are those used directly in the operation of the segment, including intangible assets and property, plant and equipment as well as investments in associates.

Current assets in the segments are those involved directly in the operation of the segment, including inventories, trade receivables, other receivables, prepayments and accrued income as well as cash.

Liabilities related to the segments comprise liabilities derived from the activities of the segment, including trade payables, provisions and other payables.

Transactions between the segments are priced at estimated market values.

Financial highlights

Financial highlights have been defined and calculated in accordance with "Recommendations & Financial Ratios 2005" issued by the Danish Society of Financial Analysts.

Key figures

The calculation of earnings per share and diluted earnings per share is specified in note 10.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit (EBIT) plus the amortisation and impairment losses for the year relating to goodwill.

Accounting policies

Invested capital excluding goodwill is defined as net working capital plus the carrying amount of tangible and intangible non-current assets, except for goodwill and less other provisions and long-term operating liabilities. Invested capital including goodwill is defined as invested capital excluding goodwill plus the carrying amount of goodwill and any impairment losses relating to this.

Net working capital (NWC) is defined as the value of inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Cash and receivables and income tax payable are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Material accounting estimates, assumptions and uncertainties

Several financial statement items cannot be measured reliably but only be estimated. Such estimates comprise assessments made on the basis of the latest information available at the time of the financial reporting. It may be necessary to change previous estimates due to changes in the conditions on which the estimate was based or due to additional information, further experience or subsequent events.

Significant accounting estimates

In connection with the accounting policies applied as described above. Management has made accounting estimates, for instance relating to the valuation of subsidiaries, the useful lives of property, plant and equipment, the valuation of receivables and the valuation of goodwill.

Assumptions and uncertainties of the valuation of goodwill are described below. Furthermore, it is assessed that Management has not made accounting estimates that materially affect the annual report, and the accounting estimates made are not considered to be subject to material uncertainty.

Changes in accounting estimates

No changes have been made in accounting estimates in the financial year.

Significant assumptions and uncertainties

Recognition and measurement of assets and liabilities often depend on future events subject to some uncertainty. In this connection it is necessary to assume a course of events, etc reflecting Management's assessment of the most likely course of events. In the annual report for 2006, the following assumptions and uncertainties should especially be noted as they have had considerable impact on the assets and liabilities recognised in the annual report and may require corrections in subsequent financial years if the courses of events assumed are not realised as expected:

Recoverable amount of goodwill

A review for impairment of recognised goodwill amounts requires a calculation of the values in use of the cash-generating units to which the goodwill amounts are allocated. The determination of the value in use requires an estimate of the expected future cash flows in each cash-generating unit as well as determination of a fair discount rate. The carrying amount of goodwill amounts to DKK 87,114k at 31 December 2006. For a further description of the discount rates, etc applied, see note 11.

Ratio		Calculation formula	Ratios reflect
Gross margin (%)	=	Contribution margin x 100 / Revenue	The enterprise's operating gearing expressed as the enterprise's sensitivity to changes in the level of activity,
EBITA-margin (%)	=	amortisation of goodwill (EBITA) x 100 / Revenue	The enterprise's operating profitability expressed as the enterprise's ability to generate profits on operating activities,
Return on invested capital excluding, goodwill (%)	=	Operating profit/loss excluding amortisation of goodwill (EBITA) x 100 / Average invested capital excluding goodwill	The return generated by the enterprise on invested capital through the operating activities,
Return on invested capital including goodwill (%)	=	Operating profit/loss excluding amortisation of goodwill (EBITA) x 100 / Average invested capital including goodwill	The return generated by the enterprise on investors' funds through the operating activities,
Financial gearing	=	Net interest-bearing debt / Equity	The enterprise's financial gearing expressed as the enterprise's sensitivity to changes in the level of activity, etc,
Return on equity (%)	=	Net profit/loss for the year x 100 / Average equity	The enterprise's ability to generate return to the Parent's shareholders when considering the enterprise's capital base,

Income statement for 2006

DKK '000

Parent 2005	Parent 2006	Note		Group 2006	Group 2005
72,947	0		Revenue	825,381	742,455
(48,460)	0	1, 3	Production costs	(600,427)	(548,400)
24,487	**0**		**Contribution margin**	**224,954**	**194,055**
4,907	2,862	2	Other operating income	2,057	4,706
(10,141)	(3,910)		External expenses	(52,395)	(53,622)
(18,791)	(8,034)	3, 4	Staff costs	(101,192)	(95,648)
462	**(9,082)**		**Profit before amortisation, depreciation and impairment losses (EBITDA)**	**73,424**	**49,491**
(5,547)	(838)	5	Amortisation, depreciation and impairment losses	(37,439)	(30,343)
(5,085)	**(9,920)**		**Profit/loss before financial items (EBIT)**	**35,985**	**19,148**
4,000	0	6	Income from group enterprises	-	-
7,928	4,451	7	Financial income	1,751	5,432
(5,904)	(5,797)	8	Financial expenses	(17,099)	(14,157)
939	**(11,266)**		**Profit/loss before tax**	**20,637**	**10,423**
1,028	3,015	9	Tax on profit/loss for the year	(7,717)	(1,783)
1,967	**(8,251)**		**Net profit/loss for the year**	**12,920**	**8,640**
			Allocation of profit/loss for the year		
			Parents shareholders	10,254	4,778
			Minority interests	2,666	3,862
				12,920	**8,640**
			Earnings per share (EPS)		
		10	Earnings per share (DKK)	5,36	2,71
		10	Earnings per share, diluted (DKK)	5,29	2,70
			Proposed distribution of profit/loss		
1,967	(8,251)		Retained earnings		
1,967	**(8,251)**				

Balance sheet at 31 December 2006

DKK '000

Parent				Group	
2005	2006	Note		2006	2005
186	0		Completed development projects	1,054	1,588
0	399		Software	2,215	0
0	0		Goodwill	87,114	82,613
186	**399**	11	**Intangible assets**	**90,383**	**84,201**
51,528	29,135		Land and buildings	118,933	137,371
7,256	0		Plant and machinery	124,537	109,647
983	12		Other fixtures and fittings, tools and equipment	14,778	13,879
0	0		Leasehold improvements	6,987	4,057
3,153	0		Property, plant and equipment in progress	15,451	6,298
62,920	**29,147**	12	**Property, plant and equipment**	**280,686**	**271,252**
115,295	155,635	13	Investments in subsidiaries	-	-
0	0		Deposits	12,688	12,959
11	0	14	Other securities	11	11
115,306	**155,635**		**Financial assets**	**12,699**	**12,970**
0	**577**	23	**Deferred tax assets**	**0**	**0**
178,412	**185,758**		**Non-current assets**	**383,768**	**368,423**
12,224	**0**	15	**Inventories**	**138,737**	**113,401**
7,969	850	16	Trade receivables	104,246	93,914
18,707	6,013		Receivables from subsidiaries	-	-
0	0		Income taxes	1,044	527
598	0	17	Other receivables	11,603	18,014
94	2,592		Prepayments and accrued income	5,321	1,910
27,368	**9,455**		**Receivables**	**122,214**	**114,365**
95,477	**123,540**	18	**Cash**	**18,063**	**10,445**
0	**0**	19	**Non-current assets held for sale**	**7,853**	**0**
135,069	**132,995**		**Current assets**	**286,867**	**238,211**
313,481	**318,753**		**Assets**	**670,635**	**606,634**

Balance sheet at 31 December 2006

DKK '000

Parent				Group	
2005	**2006**	Note		**2006**	**2005**
177,867	200,000	20	Share capital	200,000	177,867
142	403	21	Other reserves	223	1,293
(62,309)	(69,182)		Retained earnings	(46,003)	(57,635)
115,700	**131,221**		**Equity attributable to parent shareholders**	**154,220**	**121,525**
-	**-**		**Equity attributable to minority interests**	**12,855**	**12,668**
115,700	**131,221**		**Equity**	**167,075**	**134,193**
107,388	108,321	22	Bank debt	117,386	117,787
0	0	22	Lease commitments	310	527
26,086	21,771	22	Financial institutions	93,829	75,006
4,263	0	23	Deferred tax liabilities	18,985	17,460
137,737	**130,092**		**Non-current liabilities**	**230,510**	**210,780**
4,058	2,681	22	Current portion of non-current liabilities	9,491	12,363
41,211	39,536		Bank debt	144,053	145,223
680	0		Prepayments received from customers	3,960	1,031
2,595	0	24	Trade payables	61,277	50,012
1,621	9,811		Payables to subsidiaries	-	-
0	0		Income taxes	3,543	3,101
9,879	5,412	25	Other payables gæld	47,655	49,931
0	0		Accruals and deferred income	3,071	0
60,044	**57,440**		**Current liabilities**	**273,050**	**261,661**
197,781	**187,532**		**Liabilities**	**503,560**	**472,441**
313,481	**318,753**		**Equity and liabilities**	**670,635**	**606,634**

26-29	Assets charged and contingent liabilities, etc
33-35	Other notes

Statement of changes in equity for 2006

DKK '000

	Group					
	Share Capital	Other reserves	Retained earnings	Equity attributable to parent shareholders	Equity attributable to minority interests	Total equity
Equity at 1 January 2005	**177,867**	**(583)**	**(62,538)**	**114,746**	**7,993**	**122,739**
Exchange adjustment regarding foreign subsidiaries	0	1,734	0	1,734	677	2,411
Adjustment of tax relating to revaluation reserves	0	0	85	85	0	85
Recognised directly in equity	**0**	**1,734**	**85**	**1,819**	**677**	**2,496**
Net profit/loss for the year	0	0	4,778	4,778	3,862	8,640
Total net income	**0**	**1,734**	**4,863**	**6,597**	**4,539**	**11,136**
Additions relating to acquisition of enterprises	0	0	0	0	292	292
Change of ownership interest, minority interests	0	0	0	0	(156)	(156)
Recognition of share-based remuneration	0	142	0	142	0	142
Sale of treasury shares	0	0	40	40	0	40
Other transactions	**0**	**142**	**40**	**182**	**136**	**318**
Equity at 31 December 2005	**177,867**	**1,293**	**(57,635)**	**121,525**	**12,668**	**134,193**
Exchange adjustment regarding foreign subsidiaries	0	(1,331)	0	(1,331)	(249)	(1,580)
Recognised directly in equity	**0**	**(1,331)**	**0**	**(1,331)**	**(249)**	**(1,580)**
Net profit/loss for the year	0	0	10,254	10,254	2,666	12,920
Total net income	**0**	**(1,331)**	**10,254**	**8,923**	**2,417**	**11,340**
Capital increase	22,133	1,378	0	23,511	0	23,511
Change of ownership interest, minority interests	0	0	0	0	(2,376)	(2,376)
Share premium account transferred	0	(1,378)	1,378	0	0	0
Additions relating to acquisition of enterprise	0	0	0	0	146	146
Recognition of share-based remuneration, net	0	261	0	261	0	261
Other transactions	**22,133**	**261**	**1,378**	**23,772**	**(2,230)**	**21,542**
Equity at 31 December 2006	**200,000**	**223**	**(46,003)**	**154,220**	**12,855**	**167,075**

Statement of changes in equity for 2006

DKK '000

	Parent				
	Share capital	Share premium account	Other reserves	Retained earnings	Total equity
Equity at 1 January 2005	**177,867**	**0**	**0**	**(64,316)**	**113,551**
Net profit/loss for the year	0	0	0	1,967	1,967
Total net income	**0**	**0**	**0**	**1,967**	**1,967**
Recognition of share-based remuneration	0	0	142	0	142
Sale of treasury shares	0	0	0	40	40
Other transactions	**0**	**0**	**142**	**40**	**182**
Equity at 31 December 2005	**177,867**	**0**	**142**	**(62,309)**	**115,700**
Net profit/loss for the year	**0**	**0**	**0**	**(8,251)**	**(8,251)**
Total net income	**0**	**0**	**0**	**(8,251)**	**(8,251)**
Capital increase	22,133	1,378	0	0	23,511
Share premium account transferred	0	(1,378)	0	1,378	0
Recognition of share-based payments, net	0	0	261	0	261
Other transactions	**22,133**	**0**	**261**	**1,378**	**23,772**
Equity at 31 December 2006	**200,000**	**0**	**403**	**(69,182)**	**131,221**

Cash flow statement for 2006

DKK '000

Parent				Group	
2005	2006	Note		2006	2005
(5,085)	(9,920)		Profit/loss before financial items (EBIT)	35,985	19,148
5,547	838		Amortisation, depreciation and impairment losses	37,439	30,343
0	0		Proceeds on sale of assets	0	(4,400)
(381)	0		Exchange adjustments, etc	(191)	(395)
7,521	16,735	30	Working capital changes	(13,956)	(3,726)
7,602	**7,653**		**Cash flows from primary operating activities**	**59,277**	**40,970**
7,928	4,451		Interest income, etc received	1,751	5,432
(5,904)	(5,797)		Interest expenses, etc paid	(17,099)	(14,157)
7,909	0		Income taxes received/paid	(6,428)	4,379
17,535	**6,307**		**Cash flows from operating activities**	**37,501**	**36,624**
(6,215)	0	31	Acquisition of enterprises and activities	(20,307)	(677)
4,000	0		Dividends from subsidiaries	-	-
0	(10,271)		Net asset contribution to subsidiaries	-	-
0	323		Acquisition of intangible assets	(1,712)	0
0	0		Sale of intangible assets	0	4,400
(3,911)	2,149		Acquisition of property, plant and equipment	(61,308)	(32,640)
3,288	1,486		Sale of property, plant and equipment	15,856	8,990
132	0		Sale of financial assets	0	3,132
(2,706)	**(6,313)**		**Cash flows from investing activities**	**(67,471)**	**(16,795)**
0	0		Payment of deposits	(271)	(12,959)
0	23,511		Capital increase	23,511	0
0	17,250		Raising of long-term loans	35,800	0
(8,809)	(9,633)		Instalments on non-current liabilities	(20,467)	(18,784)
(8,809)	**31,128**		**Cash flows from financing activities**	**38,573**	**(31,743)**
6,020	**31,122**		**Increase/decrease in cash and cash equivalents**	**8,603**	**(11,914)**
48,246	54,266		Cash and cash equivalents at 1 January 2006	(134,778)	(122,938)
0	(1,384)		Additions relating to acquisition of enterprise	-	-
0	0		Additions relating to acquisition of enterprise	185	74
54,266	**84,004**	32	**Cash and cash equivalents at 31 December 2006**	**(125,990)**	**(134,778)**

Notes

DKK '000

Parent 2005	Parent 2006			Group 2006	Group 2005
		1.	**Production costs**		
31,090	0		Cost of sales	438,322	396,291
(108)	0		Reversal of impairment of inventories	(152)	(2,074)
17,478	0		Staff costs	162,257	154,183
48,460	**0**			**600,427**	**548,400**

2. Other operating income

Group

Other operating income includes rental and lease income as well as income from sale of activity.

Parent

Other operating income includes rental income and services to other group enterprises.

Parent 2005	Parent 2006			Group 2006	Group 2005
		3.	**Staff costs**		
32,924	7,243		Wages and salaries	236,943	225,753
1,796	252		Pension contribution, defined contribution plan	12,567	10,540
666	56		Other social security costs	7,593	6,899
1,103	483		Other staff costs	10,914	10,014
(220)	0		Refund from public authorities	(4,568)	(3,375)
36,269	**8,034**			**263,449**	**249,831**
			The staff costs are broken down as follows:		
17,478	0		Production costs	162,257	154,183
18,791	8,034		Staff costs	101,192	95,648
36,269	**8,034**			**263,449**	**249,831**
92	**7**		**Average number of employees**	**891**	**861**

DKK '000

3. Staff costs (continued)

Remuneration for Management

Members of the Parent's Executive Board and Supervisory Board as well as other executives are remunerated as follows:

	Group			
	Supervisory Board		Executive Board	
	2006	2005	2006	2005
Fees for the Supervisory Board	1,051	825	-	-
Wages and salaries	0	0	3,233	3,502
Pension contribution, defined contribution plan	0	0	0	51
Share-based remuneration	0	0	417	142
	1,051	**825**	**3,650**	**3,695**

	Parent			
	Supervisory Board		Executive Board	
	2006	2005	2006	2005
Fees for the Supervisory Board	**1,051**	**825**	**-**	**-**
Wages and salaries	**0**	**0**	**2,134**	**2,805**
Pension contribution, defined contribution plan	**0**	**0**	**0**	**44**
Share-based remuneration	**0**	**0**	**417**	**142**
	1,051	**825**	**2,551**	**2,991**

The Company has entered into defined contribution plans for the majority of its employees. Under the agreements made, the Company pays a monthly contribution to independent pension providers.

Parent			Group	
2005	2006		2006	2005
1,796	**252**	Contributions to defined pension plans taken to the income statement	**12,567**	**10,540**

4. Share-based remuneration

Equity-settled share option plans, parent and group

In 2006, the Company set up an option program for the Parent's CEO, who was granted warrants (share options) in 2005. The share options are granted based on a wish to tie the CEO more closely to the Group.

Option plan 2006

The share option plan, which can only be exercised on the purchase of the shares in question (equity-settled share option plan), entitles the CEO to buy up to 13,975 shares in the Parent at a price of 109 per share with a nominal value of DKK 100 plus 7.5% p.a. calculated from 1 January 2006 and until the options are exercised. The exercise price is equal to the listed price at the beginning of 2006. The options issued can be used to buy shares in the Company in 2009 and until 31 March 2010. If the options are not exercised within this period of time, the option will lapse.

The estimated fair value of the option is calculated at approx. DKK 199k on the assumption that the option is exercised in March 2009. The option is valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Estimated volatility	28%
Risk-free interest rate	3%
Share price	110
Estimated dividend rate	0%

The estimated volatility is determined on the basis of a six months' historic volatility based on daily observations.

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4. Share-based remuneration (continued)

Warrant plan 2005

The Parent's CEO has been granted 54,000 warrants (share options) in 2005. The warrants issued can be used for subscription of shares in the Company in the period 15 November 2007 to 15 November 2008. The exerci-se price is fixed at DKK 81 per share of nominally DKK 100 plus 7.5% p.a. The options cannot be exercised at a price below 100 at the exercise date. If the exercise price is below 100 at the exercise date, the warrants issued will expire against payment of a cash payment equal to net settlement.

The estimated fair value of the warrants is calculated at approx. DKK 850k on the assumption that the warrants are exercised as early as possible. The warrants are valued using the Black-Scholes pricing model. The valuation is based on the following assumptions:

Estimated volatility	23%
Risk-free interest rate	2,5%
Share price	95
Estimated dividend rate	0%

The estimated volatility is determined on the basis of a six months' historic volatility based on daily observations.

Development in the financial year

The development in outstanding options and warrants can be specified as follows:

	Number of share options	Number of share options	Number of warrants	Number of warrants
	2006	**2005**	**2006**	**2005**
Options/warrants outstanding at 1 January	0	0	54,000	0
Granted in the financial year	13,975	0	0	54,000
Exercised in the financial year	0	0	0	0
	13,975	**0**	**54,000**	**54,000**

The fair values of the warrants and options issued calculated on the date of grant are recognised proportionally in the income statement as staff costs over the period until the exercise date.

Parent			**Group**	
2005	**2006**		**2006**	**2005**
142	**417**	Share-based remuneration recognised in income statement equity-settled share option plan	**417**	**142**

Parent			**Group**	
2005	**2006**		**2006**	**2005**
		5. Amortisation, depreciation and impairment losses		
296	126	Intangible assets	1,334	695
4,921	980	Property, plant and equipment	36,266	32,514
0	0	Impairment of financial assets	0	(1,500)
330	(268)	Profit/loss on sale of assets	(161)	(1,366)
5,547	**838**		**37,439**	**30,343**
		6 Income from group enterprises		
4,000	0	Dividends	-	-
0	0	Value adjustments of investments	-	-
4,000	**0**		**-**	**-**

DKK '000

Parent 2005	Parent 2006		Group 2006	Group 2005
		7. Financial income		
5,119	3,830	Interest, etc	875	2,987
744	412	Interest from group enterprises	-	-
100	0	Fair value adjustment of derivative financial instruments	0	100
0	0	Other financial income	350	0
1,965	209	Exchange adjustments	526	2,345
7,928	**4,451**		**1,751**	**5,432**
		8. Financial expenses		
0	531	Interest to group enterprises	-	-
5,904	3,366	Interest, etc	13,433	13,572
0	1,900	Fair value adjustment of derivative financial instruments	1,900	0
0	0	Exchange adjustments	1,766	585
5,904	**5,797**		**17,099**	**14,157**
		9. Tax on profit/loss for the year		
0	(2,219)	Current tax	6,295	3,222
(675)	(796)	Change in deferred tax	1,364	(363)
(353)	0	Adjustment of deferred tax as a result of change in the Danish tax rate	0	(1,309)
0	0	Adjustment concerning previous years	58	233
(1,028)	**(3,015)**		**7,717**	**1,783**
		The current income tax for the financial year is calculated on the basis of a tax rate of 28% for Danish enterprises (2005: 28%). For foreign enterprises the current tax rate in the country in question is used		
		Tax on profit/loss for the year can be specified as follows:		
		Reconciliation of tax rate:		
28%	28%	Danish tax rate	28%	28%
(37%)	-	Effect of changed tax rate	-	(13%)
(119%)	0%	Income/expenses from group enterprises	-	-
19%	(1%)	Other non-taxable and non-deductible costs	9%	0%
0%	0%	Other, including adjustment related to previous years	0%	2%
(109%)	**27%**	**Effective tax rate for the year**	**37%**	**17%**

DKK '000

		Group	
		2006	2005
10.	**Earnings per share**		
	The calculation of earnings per share is based on the following:		
	Profit/loss to parent shareholders	**10,254**	**4,778**
	Average number of shares issued	1,928,245 stk,	1,778,670 stk,
	Average number of treasury shares issued	(13,975) stk,	(14,175) stk,
	Number of shares used to calculate earnings per share	**1,914,270 stk,**	**1,764,495 stk,**
	Average dilution effect of warrants outstanding	24,055 stk,	6,873 stk,
	Number of shares used to calculate diluted earnings per share	**1,938,325 stk,**	**1,771,368 stk,**

		Group		
		Completed development projects	Software	Goodwill
11.	**Intangible assets**			
	Cost at 1 January 2006	2,690	0	84,183
	Value adjustment	0	0	(1,055)
	Reclassification from property, plant and equipment	0	5,987	0
	Additions	180	1,532	5,556
	Disposals	0	0	0
	Cost at 31 December 2006	**2,870**	**7,519**	**88,684**
	Amortisation and impairment losses at 1 January 2006	1,102	0	1,570
	Reclassification from property, plant and equipment	0	4,684	0
	Amortisation and impairment losses for the year	714	620	0
	Reversal relating to disposals	0	0	0
	Amortisation and impairment losses at 31 December 2006	**1,816**	**5,304**	**1,570**
	Carrying amount at 31 December 2006	**1,054**	**2,215**	**87,114**
	Cost at 1 January 2005	2,690	0	82,361
	Value adjustment	0	0	1,360
	Additions	0	0	462
	Disposals	0	0	0
	Cost at 31 December 2005	**2,690**	**0**	**84,183**
	Amortisation and impairment losses at 1 January 2005	407	0	1,570
	Amortisation and impairment losses for the year	695	0	0
	Reversal relating to disposals	0	0	0
	Amortisation and impairment losses at 31 December 2005	**1,102**	**0**	**1,570**
	Carrying amount at 31 December 2005	**1,588**	**0**	**82,613**

DKK '000

	Parent			
	Completed development projects	Completed development projects	Software	Software
	2006	**2005**	**2006**	**2005**
11. Intangible assets (continued)				
Cost at 1 January	889	889	0	0
Contribution of assets to subsidiaries	(889)	0	0	0
Reclassification from property, plant and equipment	0	0	378	0
Additions	0	0	323	0
Disposals	0	0	0	0
Cost at 31 December	**0**	**889**	**701**	**0**
Amortisation and impairment losses at 1 January	703	407	0	0
Contribution of assets to subsidiaries	(703)	0	0	0
Reclassification from property, plant and equipment	0	0	176	0
Amortisation and impairment losses for the year	0	296	126	0
Reversal relating to disposals	0	0	0	0
Amortisation and impairment losses at 31 December	**0**	**703**	**302**	**0**
Carrying amount at 31 December	**0**	**186**	**399**	**0**

Goodwill

Goodwill arising on business acquisitions, etc is distributed at the time of acquisition to the cash-generating units which are expected to achieve financial benefits from the business combination.

The carrying amount of goodwill before impairment is distributed as follows by cash-generating unit:

	Group	
	2006	**2005**
Accoat A/S (independent cash-generating unit)	9,823	9,823
Gibo A/S (independent cash-generating unit)	34,289	34,288
The Ergomat Group (several cash-generating units)	11,487	7,619
The SP Moulding Group (several cash-generating units)	22,968	22,328
The Tinby Group (several cash-generating units)	8,547	8,555
	87,114	**82,613**

Goodwill is tested at least once a year for impairment and more frequently in the event of indications of impairments. The annual impairment test is usually made at 31 December.

No impairment of goodwill has been made in the year under review.

The recoverable amount of the cash-generating units to which the goodwill amounts relate is calculated on the basis of a calculation of net present value. The most significant uncertainties are connected with the determination of the discount rates and growth rates as well as expected changes in sales prices and production costs in the budget and terminal periods.

The discount factors determined reflect the market assessments of the time value of money expressed as a risk-free interest rate and the specific risks attached to the cash-generating unit.

The fixed sales prices, production costs and growth rates are based on historical experience as well as expectations for future market changes.

The calculation of the net present value is based on the cash flows stated in the most recent management-approved budgets for the coming three financial years. For financial years after the budget period, cash flows have been extrapolated for the most recent budget periods adjusted for an expected growth rate.

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11. Intangible assets (continued)

The most significant parameters for calculating recoverable amounts are as follows:

	2006	2005
Discount rate after tax	7,2%	7,2%
Discount rate before tax	10%	10%
Growth rate in the terminal period	3%	3%
Inflation in the terminal period	0%	0%

The above parameters have been used for all cash-generating units.

Other intangible assets

Apart from goodwill, all intangible assets are regarded as having determinable useful lives over which the assets are amortised, see accounting policies.

	Group				
	Land and buildings	Plant and machinery	Other fixtures, etc	Leasehold improvements	Property plant and equipment in progress
12, Property, plant and equipment					
Cost at 1 January 2006	201,690	405,954	49,623	5,210	6,298
Value adjustment	(9)	(969)	(259)	(201)	2
Reclassification of non-current assets held for sale	(20,186)	0	0	0	0
Reclassification to intangible assets	0	0	(5,987)	0	0
Transfer	1,181	3,333	1,110	0	0
Additions	0	9,529	128	0	0
Additions relating to acquisition of enterprise	8,133	31,541	7,954	4,529	20,830
Disposals	(19,240)	(19,442)	(4,342)	(239)	(11,679)
Cost at 31 December 2006	**171,569**	**429,946**	**48,227**	**9,299**	**15,451**
Revaluation at 1 January 2006	4,217	3,850	1,126	0	0
Value adjustment	0	0	0	0	0
Reclassification to non-current assets held for sale	(957)	0	0	0	0
Transfer	(1,181)	(3,333)	(1,110)	0	0
Additions	0	0	0	0	0
Disposals	(2,079)	(517)	(16)	0	0
Revaluation at 31 December 2006	**0**	**0**	**0**	**0**	**0**
Depreciation and impairment losses at 1 January 2006	68,536	300,157	36,870	1,153	0
Value adjustment	(4)	(676)	(150)	(21)	0
Reclassification of non-current assets held for sale	(13,290)	0	0	0	0
Reclassification to intangible assets	0	0	(4,684)	0	0
Depreciation and impairment losses for the year	4,598	25,253	4,889	1,353	0
Reversal relating to disposals	(7,204)	(19,325)	(3,476)	(173)	0
Depreciation and impairment losses at 31 December 2006	**52,636**	**305,409**	**33,449**	**2,312**	**0**
Carrying amount at 31 December 2006	**118,933**	**124,537**	**14,778**	**6,987**	**15,451**
Carrying amount includes recognised leased assets at 31 December 2006	**0**	**527**	**0**	**0**	**0**

DKK '000

		Group				
		Land and buildings	Plant and machinery	Other fixtures, etc	Leasehold improvements	Property plant and equipment in progress
12.	**Property, plant and equipment (continued)**					
	Cost at 1 January 2005	188,602	380,118	46,355	2,182	40,890
	Value adjustment	47	2,227	241	207	0
	Additions	20,678	34,606	8,935	3,013	8,631
	Disposals	(7,637)	(10,997)	(5,908)	(192)	(43,223)
	Cost at 31 December 2005	**201,690**	**405,954**	**49,623**	**5,210**	**6,298**
	Revaluation at 1 January 2005	4,303	4,245	1,456	0	0
	Value adjustment	3	1	0	0	0
	Additions	0	0	0	0	0
	Disposals	(89)	(396)	(330)	0	0
	Revaluation at 31 December 2005	**4,217**	**3,850**	**1,126**	**0**	**0**
	Depreciation and impairment losses at 1 January 2005	66,224	285,471	37,522	1,673	0
	Value adjustment	16	867	130	69	0
	Depreciation and impairment losses for the year	5,881	22,481	4,704	853	0
	Reversal, impairment loss	0	0	0	(1,250)	0
	Reversal relating to disposals	(3,585)	(8,662)	(5,486)	(192)	0
	Depreciation and impairment losses at 31 December 2005	**68,536**	**300,157**	**36,870**	**1,153**	**0**
	Carrying amount at 31 December 2005	**137,371**	**109,647**	**13,879**	**4,057**	**6,298**
	Carrying amount includes recognised leased assets at 31 December 2005	**0**	**721**	**0**	**0**	**0**

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		Parent			
		Land and buildings	Plant and machinery	Other fixtures, etc	Property plant and equipment in progress
12.	**Property, plant and equipment (continued)**				
	Cost at 1 January 2006	61,371	36,488	5,119	3,153
	Contribution of assets to subsidiaries	(30,370)	(36,488)	(4,591)	(3,153)
	Additions	2,149	0	0	0
	Disposals	(1,100)	0	(458)	0
	Cost at 31 December 2006	**32,050**	**0**	**70**	**0**
	Depreciation and impairment losses at 1 January 2006	9,843	29,233	4,136	0
	Contribution of assets to subsidiaries	(7,820)	(29,233)	(3,826)	0
	Depreciation and impairment losses for the year	958	0	22	0
	Reversal relating to disposals	(66)	0	(274)	0
	Depreciation and impairment losses at 31 December 2006	**2,915**	**0**	**58**	**0**
	Carrying amount at 31 December 2006	**29,135**	**0**	**12**	**0**
	Cost at 1 January 2005	67,295	36,110	5,748	0
	Additions	188	379	192	3,153
	Disposals	(6,112)	0	(821)	0
	Cost at 31 December 2005	**61,371**	**36,489**	**5,119**	**3,153**
	Depreciation and impairment losses at 1 January 2005	10,978	26,497	4,130	0
	Depreciation and impairment losses for the year	1,706	2,736	479	0
	Reversal relating to disposals	(2,841)	0	(473)	0
	Depreciation and impairment losses at 31 December 2005	**9,843**	**29,233**	**4,136**	**0**
	Carrying amount at 31 December 2005	**51,528**	**7,256**	**983**	**3,153**

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Parent			
2005	2006		
		13.	**Investments in subsidiaries**
349,915	356,130		Cost at 1 January
6,215	0		Additions relating to acquisition of enterprises
0	40,340		Additions relating to establishment of subsidiaries
356,130	**396,470**		**Cost at 31 December**
(240,835)	(240,835)		Impairment losses at 1 January
0	0		Impairment losses for the year
(240,835)	**(240,835)**		**Impairment losses at 31 December**
115,295	**155,635**		**Carrying amount at 31 December**

Investments in subsidiaries comprise:

	Registered office	Ownership interest %	Share of voting rights %	Activity
SP Moulding A/S	Denmark	100	100	Production and sale of injection moulded items
Accoat A/S	Denmark	100	100	Production and sale of coatings
Gibo Plast A/S	Denmark	100	100	Production and sale of vacuum formed items
Tinby Danmark A/S	Denmark	100	100	Production and sale of polyurethane products
Ergomat Danmark A/S	Denmark	100	100	Production and sale of polyurethane products
Tinby GmbH	Germany	100	100	Lease of property

In 2006, the operating activity in SP Group A/S was hived off into two independent companies, Tinby Danmark A/S and Ergomat Danmark A/S.

In 2006, there have been the following changes in ownership interest:
Mattega AB, acquisition 60% (owned by Ergomat Danmark A/S)
Ergomat LLC, acquisition 22.58% (owned by Tinby USA Inc.)

In 2005, there have been the following changes in ownership interest:
Ergomat-Nederland BV, acquisition, 60%
Ergomat Deutschland GmbH, contribution in newly established company, 60%
Tinby GmbH, 100%, intra-group acquisition from TPI-Polytechniek B.V.

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Parent 2005	Parent 2006			Group 2006	Group 2005
		14.	**Other securities**		
15	11		Cost at 1 January	11	5,011
0	0		Additions	0	0
(4)	(11)		Disposals relating to establishment of subsidiaries	0	(5,000)
11	**0**		**Cost at 31 December**	**11**	**11**
0	0		Net impairment losses at 1 January	0	(3,496)
0	0		Value adjustment for the year	0	0
0	0		Disposals relating to establishment of subsidiaries	0	3,496
0	**0**		**Net impairment losses at 31 December**	**0**	**0**
11	**0**		**Carrying amount at 31 December**	**11**	**11**
		15.	**Inventories**		
3,081	0		Raw materials and consumables	58,968	47,403
880	0		Work in progress	12,020	10,542
8,263	0		Manufactured goods and goods for resale	67,749	55,456
12,224	**0**			**138,737**	**113,401**
700	**0**		Inventories written down to fair value less expected selling costs	**3,729**	**3,881**
		16.	**Trade receivables**		
674	**0**		Writedown for bad debts	**6,506**	**4,442**

Trade receivables are written down to net realisable value equal to the sum of future net payments expected to be generated by receivables. The writedown is calculated on the basis of losses realised in previous financial years as well as an individual assessment.

The carrying amounts of receivables are equal to their fair values.

Receivables are not interest-bearing until approx. 30-60 days from the date of invoicing. Thereafter, interest is charged.

17. Other receivables

Receivables are not subject to any special credit risks.

18. Cash

The Group's cash primarily consists of bank deposits. Consequently, cash is not considered to be subject to any special credit risk. Bank deposits and bank debt carry a floating interest rate. The carrying amounts are equal to the fair values of the assets.

The Group's Danish companies are part of a cash pool.

19. Non-current assets held for sale

In 2006, Management has decided to sell some of the Group's properties which are not expected to be used for the Group's operating activities. The properties are expected to be sold within 12 months. The properties are classified as non-current assets held for sale in the balance sheet at 31 December 2006.

20. Share capital

Share capital consists of 2,000,000 shares at DKK 100. The shares are fully paid. The shares are not divided into classes. The shares do not carry any special rights.

Parent		
2005	**2006**	
1,778,670	1,778,670	Number of treasury shares at 1 January
0	177,800	Capital increase by cash payment on 4 April 2006
0	43,530	Capital increase by cash payment on 11 August 2006
1,778,670	**2,000,000**	

	Parent					
	Number		**Nominal value DKK '000**		**% of share capital**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Treasury shares						
Treasury shares at 1 January	13,975	14,375	1,398	1,438	0,79	0,81
Change resulting from the capital increase	-	-	-	-	(0,09)	0
Purchase	0	0	0	0	0,00	0,00
Sale	0	(400)	0	(40)	0,00	(0,02)
Treasury shares at 31 December	**13,975**	**13,975**	**1,398**	**1,398**	**0,70**	**0,79**

In 2006, the Company did not carry out trade in treasury shares. In 2005, the Company sold 400 treasury shares. Treasury shares have been acquired to cover incentive programmes.

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	Group			
	Share premium account	Reserve for exchange adjustments	Reserve for sharebased remuneration	Total
21. Other reserves				
Reserves at 01.01.2005	0	(583)	0	(583)
Exchange adjustment relating to foreign enterprises	0	1,734	0	1,734
Recognition of share-based remuneration	0	0	142	142
Reserve at 31 December 2005	**0**	**1,151**	**142**	**1,293**
Share premium account	1,378	0	0	1,378
Share premium transferred to distributable reserves	(1,378)	0	0	(1,378)
Exchange adjustment relating to foreign enterprises	0	(1,331)	0	(1,331)
Recognition of share-based remuneration, net	0	0	261	261
Reserve at 31 December 2006	**0**	**(180)**	**403**	**223**

	Parent		
	Share premium account	Reserve for sharebased remuneration	Total
Reserves at 1 January 2005	0	0	0
Recognition of share-based remuneration	0	142	142
Reserve at 31 December 2005	**0**	**142**	**142**
Share premium account	1,378	0	1,378
Share premium transferred to distributable reserves	(1,378)	0	(1,378)
Recognition of share-based remuneration, net		261	261
Reserve at 31 December 2006	**0**	**403**	**403**

The reserve for exchange adjustments comprises all exchange adjustments arising from the translation of financial statements of entities with a different functional currency than Danish kroner.

The reserve for share-based remuneration comprises the accumulated value of the earned right to share option plans (equity-settled share option plans) measured at the fair value of the equity instruments at the date of grant and recognised over the vesting period. The reserve is dissolved as the employees exercise the earned right to acquire share options.

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	Group					
	Bank debt		Financial lease obligations (minimum lease payments)		Financial institutes	
	2006	2005	2006	2005	2006	2005
22. Non-current liabilities						
Non-current liabilities are due as follows:						
Within 1 year from the balance sheet date	1,474	1,780	217	1,599	7,800	8,984
Between 1 and 2 years from the balance sheet date	109,813	108,811	310	217	6,847	6,978
Between 2 and 3 years from the balance sheet date	1,313	1,442	0	310	6,333	10,360
Between 3 and 4 years from the balance sheet date	1,079	1,268	0	0	6,129	5,403
Between 4 and 5 years from the balance sheet date	1,079	1,078	0	0	5,846	5,112
After more than 5 years from the balance sheet date	4,102	5,189	0	0	68,674	47,153
	118,860	**119,568**	**527**	**2,126**	**101,629**	**83,990**
Liabilities are recognised in the balance sheet as follows:						
Current liabilities	1,474	1,780	217	1,599	7,800	8,984
Non-current liabilities	117,386	117,787	310	527	93,829	75,006
	118,860	**119,567**	**527**	**2,126**	**101,629**	**83,990**

	Present value of minimum lease payments	
	2006	2005
Due within one year from the balance sheet date	205	1,538
Due between one and five years from the balance sheet date	276	201
Due between two and three years from the balance sheet date	0	276
	481	**2,015**

	Parent			
	Bank debt		Financial institutes	
	2006	2005	2006	2005
Non-current liabilities are due as follows:				
Within one year from the balance sheet date	400	0	2,281	4,058
Between one and two years from the balance sheet date	108,321	107,388	2,109	3,706
Between two and three years from the balance sheet date	0	0	1,483	7,555
Between three and four years from the balance sheet date	0	0	1,175	2,549
Between four and five years from the balance sheet date	0	0	785	2,224
After more than five years from the balance sheet date	0	0	16,219	10,052
	108,721	**107,388**	**24,052**	**30,144**
Liabilities are recognised in the balance sheet as follows:				
Current liabilities	400	0	2,281	4,058
Non-current liabilities	108,321	107,388	21,771	26,086
	108,721	**107,388**	**24,052**	**30,144**

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Parent 2005	Parent 2006		Group 2006	Group 2005
		22. Non-current liabilities (continued)		
		The fair value of fixed-rate debt has been calculated as the present value of future payments of interest and instalments using the current market rate of interest as discount factor.		
107,167	**108,160**	Fair value	**219,921**	**200,704**

Parent Deferred tax asset	Parent Deferred tax liabilities		Group Deferred tax asset	Group Deferred tax liabilities
		23. Deferred tax		
0	5,291	Deferred tax at 1 January 2005	(1,542)	20,746
0	0	Exchange adjustment	0	13
0	0	Change in deferred tax recognised in equity	0	(85)
0	(1,028)	Change in deferred tax recognised in the income statement	1,542	(3,214)
0	**4,263**	**Deferred tax at 31 December 2005**	**0**	**17,460**
0	0	Exchange adjustment	0	5
0	(4,200)	Transfer on contribution to subsidiary	-	-
0	(796)	Change in deferred tax recognised in the income statement	0	1,364
(577)	577	Transfer to tax asset	-	-
0	156	Change in deferred tax recognised in equity	-	156
(577)	**0**	**Deferred tax at 31 December 2006**	**0**	**18,985**

Parent 2005	Parent 2006		Group 2006	Group 2005
		Deferred tax is recognised in the balance sheet as follows:		
0	577	Deferred tax assets	0	0
4,263	0	Deferred tax liabilities	18,985	17,460
4,263	**577**		**18,985**	**17,460**
0	0	Tax loss carryforwards	396	0
0	**0**	**Non-recognised deferred tax assets**	**396**	**0**

The tax base of the tax-loss carryforward is not recognised as it is not found to be sufficiently likely that the loss will be used in the foreseeable future.

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23. Deferred tax (continued)

	Group			
	1 January	Recognised in income statement	Recognised in equity	31 December
2006				
Intangible assets	6,601	1,803	0	8,404
Property, plant and equipment	16,868	(1,332)	0	15,536
Inventories	2,693	668	0	3,361
Receivables	(1,130)	553	0	(577)
Liabilities	(2,122)	813	0	(1,309)
Share-based remuneration	0	0	156	156
Tax loss carryforwards	(5,450)	(1,136)	0	(6,586)
	17,460	**1,369**	**156**	**18,985**
2005				
Intangible assets	4,442	2,159	0	6,601
Property, plant and equipment	15,630	1,323	(85)	16,868
Financial assets	(1,050)	1,050	0	0
Inventories	2,887	(194)	0	2,693
Receivables	(623)	(507)	0	(1,130)
Liabilities	(2,082)	(40)	0	(2,122)
Tax loss carryforwards	0	(5,450)	0	(5,450)
	19,204	**(1,659)**	**(85)**	**17,460**

	Parent				
	1 January	Recognised on contribution to subsidiary	Recognised in income statement	Recognised in equity	31 December
2006					
Share-based remuneration	(311)	(52)	363	0	0
Intangible assets	5,506	(4,563)	796	0	1,739
Property, plant and equipment	195	(195)	0	0	0
Inventories	(189)	189	0	0	0
Receivables	(678)	421	223	0	(34)
Liabilities	0	0	0	156	156
Tax loss carryforwards	(260)	0	(2,178)	0	(2,438)
	4,263	**(4,200)**	**(796)**	**156**	**(577)**
2005					
Intangible assets	(342)	0	31	0	(311)
Property, plant and equipment	6,439	0	(933)	0	5,506
Inventories	431	0	(236)	0	195
Receivables	(290)	0	101	0	(189)
Liabilities	(947)	0	269	0	(678)
Tax loss carryforwards	0	0	(260)	0	(260)
	5,291	**0**	**(1,028)**	**0**	**4,263**

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Parent 2005	Parent 2006			Group 2006	Group 2005
		24.	**Trade payables**		
2,595	0		Trade payables	61,277	50,012
			The carrying amount is equal to the fair value of the liabilities.		
		25.	**Other payables**		
			Other payables comprise items payable relating to payroll, withholding taxes, social contributions, holiday pay, derivatives, VAT and duties as well as other expenses payable. The carrying amount is equal to the fair value of the liabilities.		
			The holiday pay obligation represents the Group's obligation to pay salaries in the employees' holidays for which they have qualified at the balance sheet date to take in the subsequent financial year.		
		26.	**Assets charged**		
			Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the properties.		
51,186	**28,792**		Carrying amount of mortgaged properties	**117,690**	**132,009**
			Loans with credit institutions are secured by way of a letter of indemnity on real property and mortgages registered to the mortgagor with secondary liability.		
19,087	**14,845**		Carrying amount of mortgaged properties	**38,056**	**60,646**
			Loans with credit institutions are secured by way of a letter of indemnity and mortgages on movable property registered to the mortgagor secured upon operating equipment and fixtures and fittings, tools and equipment.		
0	**0**		Carrying amount of mortgaged operating equipment	**12,088**	**13,608**

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Parent 2005	Parent 2006		Group 2006	Group 2005
		27. Rental and lease commitments		
		For the years 2006 - 2020, the Group has entered into operating leases on buildings. Future minimum lease payments in accordance with interminable lease contracts fall due as follows:		
0	0	Within one year from the balance sheet date	2,677	1,775
0	0	Between one and five years from the balance sheet date	10,710	7,100
0	0	After five years from the balance sheet date	22,758	16,863
0	**0**		**36,145**	**25,738**
		For the years 2006 - 2020, the Group has entered into operating leases on operating equipment and cars. Future minimum lease payments in accordance with interminable lease contracts fall due as follows:		
309	135	Within one year from the balance sheet date	2,616	2,133
246	359	Between one and five years from the balance sheet date	5,470	2,814
0	0	After five years from the balance sheet date	0	0
555	**494**		**8,086**	**4,947**
		For the year 2006 - 2013, the Group has entered into operating leases on production machine. Future minimum lease payments in accordance with interminable lease contracts fall due as follows:		
0	0	Within one year from the balance sheet date	5,261	2,295
0	0	Between one and five years from the balance sheet date	19,951	8,961
0	0	After five years from the balance sheet date	5,245	3,093
0	**0**		**30,457**	**14,349**
489	**217**	**Minimum lease payments are recognised in the income statement**	**8,952**	**4,707**
502	**432**	**Present value of minimum lease payments**	**56,517**	**28,420**
		The Group has entered into rental contracts on office and production facilities.		
		The rental commitment in the period of interminability amounts to:		
0	0	Within one year from the balance sheet date	4,790	1,895
0	0	Between one and five years from the balance sheet date	10,231	2,085
0	0	After five years from the balance sheet date	0	0
0	**0**		**15,021**	**3,980**

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Parent 2005	Parent 2006		Group 2006	Group 2005
		28. Recourse guarantee commitments and contingent liabilities		
		Together with its subsidiaries, the Parent has entered into cash-pool arrangements with banks in which the Parent is liable for the total withdrawal from the overdraft accounts.		
199,238	**252,793**	Subsidiaries' bank debt	-	-
		The Parent has guaranteed the subsidiaries' debt to financial institutions or has joint and several liability.		
11,691	**20,756**	Surety, guarantee and liability	-	-
		The Parent is liable for the total income tax with the other Danish jointly taxed companies' tax liability under the joint taxation existing up to and including 2004.		
		29. Fees to auditors appointed by the Company in general meeting		
		External expenses include fee to auditors appointed by the Company in general meeting:		
		Deloitte		
225	200	Audit services	935	815
350	181	Non-audit services	549	427
575	**381**		**1,484**	**1,242**
		30. Working capital changes		
(1,290)	0	Change in inventories	(21,652)	2,850
3,941	6,845	Change in receivables	(6,268)	(20,095)
4,870	9,890	Change in trade payables, etc	13,964	13,519
7,521	**16,735**		**(13,956)**	**(3,726)**

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31. Acquisition of enterprises and activities

The Group acquired the following enterprises and activities in 2006:

	Group			
	Primary activity	Date of acquisition	Ownership interest acquired	Voting share acquired %
Mattega AB	Sale of polyurethane products	1 January 2006	60%	60
Activity, injection moulding	Production and sale of plastic products	1 July 2006	-	-
Ergomat LLC	Sale of polyurethane products	1 January 2006	22,58	22,58

Parent			Group	
2005	2006		2006	2005
0		Property, plant and equipment	9,657	0
5,992	0	Purchase of shares in subsidiary	0	0
223	0	Contribution on establishment of subsidiary	0	0
0	0	Inventories	3,715	201
0	0	Receivables	1,064	171
0	0	Cash	185	74
0	0	Minority interests	2,039	275
0	0	Interest-bearing debt	(1,183)	0
0	0	Non-interest bearing debt	(726)	(506)
6,215	**0**		**14,751**	**(215)**
0	0	Calculated goodwill	5,556	462
6,215	**0**	**Cost to be paid in cash**	**20,307**	**677**

The carrying amount of the above assets and liabilities calculated in accordance with IFRS immediately before the uniting of interests is in all materiality assessed to be identical with the stated fair value.

For Mattega AB, the above statement is preliminary as the final cost of the enterprise depends on the earnings development in the coming two years.

The cost of all three enterprises is paid in cash. Cost does not include costs relating to the acquisition.

For all three acquisitions the Group paid a cost price which exceeds the fair value of the acquired identifiable assets, liabilities and contingent liabilities. This positive difference is primarily attributable to expected synergies between the activities in the acquired enterprises and the Group's existing activities and future growth potential.

Of the Group's profit for the year of DKK 20,637k before tax, DKK 656k relates to Mattega AB. Revenue in Mattega AB amounts to DKK 6,213k for 2006. Profit share and revenues of the acquired activities cannot be calculated separately as the activity is part of the total operations in SP Moulding A/S. The Group's profit is not affected by the acquisition of further investments in Ergomat LLC as this company was already a subsidiary in the Group.

Parent			Group	
2005	2006		2006	2005
		32. Cash and cash equivalent		
95,477	123,540	Cash	18,063	10,445
(41,211)	(39,536)	Short-term bank debt	(144,053)	(145,223)
54,266	**84,004**		**(125,990)**	**(134,778)**

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33. Related parties

Controlling related parties

There are no related parties with controlling influence on SP Group A/S.

For an outline of subsidiaries, see group chart.

Related party transactions

SP Group A/S has had the following transactions with related parties in the financial year:

	Parent				
	Rental income	Sale of services	Interest income	Receivables	Payables
2006					
From subsidiaries	**2,328**	**503**	**412**	**6,013**	**9,811**
2005					
From subsidiaries	**3,283**	**1,517**	**744**	**18,707**	**1,621**

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

The Group has not had any transactions with related parties in 2006 and 2005 apart from remuneration to the Supervisory Board and the Executive Board.

Rental income relates to the Parent's renting of properties to subsidiaries. The rent is fixed on a cost-based basis.

Sale of services relates to assistance provided to subsidiaries.

No security or guarantees have been provided for intercompany accounts at the balance sheet apart from what is stated in note 26. Receivables as well as payables will be settled by cash payment. The Group has not realised any losses on receivables from related parties or made writedown for such likely bad debts.

Remuneration to the Supervisory and Executive Boards

For disclosure on the remuneration paid to the Group's Supervisory Board and Executive Board, see note 3.

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34. Financial risks and use of derivatives

Currency exposure – recognised assets and liabilities

The Group uses hedging instruments such as forward contracts and options to hedge recognised transactions. Hedging of recognised assets and liabilities primarily includes receivables as well as financial liabilities.

	Group				
	Cash	Receivables	Liabilities	Of this hedged	Net position
31 December 2006					
EUR	14,488	27,358	65,705	0	(23,859)
PLN	3,301	5,476	8,707	0	70
USD	2,188	10,786	7,893	0	5,081
SEK	501	1,813	1,993	0	321
NOK	0	0	31	0	(31)
JPY	37	0	29	0	8
RMB	2,785	9,193	6,795	0	5,183
CHF	0	0	102,164	71,594	(30,570)
	23,300	**54,626**	**193,317**	**71,594**	**(43,797)**
31 December 2005					
EUR	(17,162)	27,933	51,636	0	(40,865)
PLN	1,553	4,333	679	0	5,207
USD	(2,003)	6,446	2,717	0	1,726
SEK	57	324	138	0	243
NOK	0	0	31	0	(31)
JPY	24	0	29	0	(5)
RMB	1,238	2,837	2,827	0	1,248
CHF	0	0	105,630	47,974	(57,656)
	(16,293)	**41,873**	**163,687**	**47,974**	**(90,133)**

At 31 December 2006, the fair value of derivative financial instruments entered into to hedge recognised financial assets and liabilities totals DKK 71,594k (2005: DKK 47,974k). The fair value of the derivative financial instruments is recognised under other payables and set off in the income statement against exchange adjustments of the assets and liabilities hedged. Only the Parent has derivative financial instruments.

	Parent				
	Cash	Receivables	Liabilities	Of this hedged	Net position
31 December 2006					
EUR	0	0	2,742	0	(2,742)
USD	0	6,013	0	0	6,013
CHF	0	0	102,164	71,594	(30,570)
	0	**6,013**	**104,906**	**71,594**	**(27,299)**
31 December 2005					
EUR	(650)	4,099	14,340	0	(10,891)
USD	(839)	1,835	913	0	83
JPY	0	24	0	0	24
CHF	0	0	105,630	47,974	(57,656)
	(1,489)	**5,958**	**120,883**	**47,974**	**(68,440)**

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34. Financial risks and use of derivatives (continued)

Interest rate exposure

The interest rate exposure from financial assets and liabilities can be described as follows with disclosure of date of interest adjustment or maturity, whichever occurs first, and effective interest rates:

	Group					
	Reassessment and maturity time					
	Within 1 year	Between 2-5 years	After 5 years	Total	Of this fixed interest	Effective rate %
Bank deposit	18,063	0	0	18,063	0	4,5
Deposit	12,250	0	0	12,250	0	6,0
Mortgage debt	(471)	(2,082)	(96,490)	(99,043)	(34,905)	4,4
Lease commitment	0	(527)	0	(527)	0	5,0
Bank debt	(144,273)	(115,940)	(5,286)	(265,499)	(11,459)	4,0
31 December 2006	**(114,431)**	**(118,549)**	**(101,776)**	**(334,756)**	**(46,364)**	
Bank deposit	10,445	0	0	10,445	0	3,0
Deposit	12,250	0	0	12,250	0	4,0
Mortgage debt	(1,971)	(4,289)	(60,858)	(76,118)	(45,268)	4,2
Lease commitment	(1,395)	(731)	0	(2,126)	0	2,8
Bank debt	(145,595)	(120,899)	(6,169)	(272,663)	(13,039)	2,8
31 December 2005	**(126,266)**	**(125,919)**	**(67,027)**	**(328,212)**	**(58,307)**	

	Parent					
	Reassessment and maturity time					
	Within 1 year	Between 2-5 years	After 5 years	Total	Of this fixed interest	Effective rate %
Bank deposit	123,540	0	0	123,540	0	4,5
Mortgage debt	(2,281)	(5,553)	(16,218)	(24,052)	2,082	3,5
Bank debt	(39,936)	(108,321)	0	(148,257)	4,800	3,5
31 December 2006	**81,323**	**(113,874)**	**(16,218)**	**(48,769)**	**6,882**	
Bank deposit	95,477	0	0	95,477	0	3,0
Mortgage debt	(3,658)	(11,216)	(10,070)	(24,944)	19,555	5,0
Bank debt	(41,611)	(107,788)	(4,400)	(153,799)	5,200	2,4
31 December 2005	**50,208**	**(119,004)**	**(14,470)**	**(83,266)**	**24,755**	

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35. Segment information of the Group

Business segments

For management and reporting purposes, the Group is organised into four business segments which are regarded as the Group's primary basis of segmentation. The activity in the four segments is described from page 8.
Transfers of sale of goods, etc among the segments are calculated using actual transfer prices corresponding to market prices of the goods, services, etc in question.

	Polyurethane	Injection moulding	Vacuum forming	Coating	Other*)	Group
	2006	**2006**	**2006**	**2006**	**2006**	**2006**
Business segments						
Revenue, external customers	148,572	455,129	100,524	121,156	0	825,381
Revenue among segments	88	6,837	438	0	(7,363)	0
Revenue	**148,660**	**461,966**	**100,962**	**121,156**	**(7,363)**	**825,381**
Profit/loss before amortisation, depreciation and impairment	**30,388**	**27,150**	**8,416**	**17,768**	**(10,298)**	**73,424**
Amortisation, depreciation and impairment losses	(7,108)	(18,118)	(3,103)	(6,229)	(2,881)	(37,439)
Profit/loss before financial income and expenses (EBIT)	**23,280**	**9,032**	**5,313**	**11,539**	**(13,178)**	**35,985**
Net financials						(15,348)
Profit/loss before tax						**20,637**
Tax on profit/loss for the year						(7,717)
Net profit/loss for the year						**12,920**
Additions of non-current property, plant and equipment and intangible assets	11,835	28,004	1,558	17,762	2,149	61,308
Segment assets	158,574	313,106	88,550	118,239	(7,834)	670,635
Segment liabilities, non-interest bearing	27,141	72,352	9,803	15,969	(9,302)	115,963
Non-allocated liabilities						387,597
						503,560

* Comprises eliminations and non-allocated overhead costs.

	Polyurethane	Injection moulding	Vacuum forming	Coating	Other*)	Group
	2005	**2005**	**2005**	**2005**	**2005**	**2005**
Business segments						
Revenue, external customers	151,664	395,616	103,189	91,986	0	742,455
Revenue among segments	4,905	2,961	1,041	6	(8,913)	0
Revenue	**156,569**	**398,577**	**104,230**	**91,992**	**(8,913)**	**742,455**
Profit/loss before amortisation, depreciation and impairment losses (EBITDA)	**24,728**	**18,932**	**8,685**	**7,208**	**(10,062)**	**49,491**
Amortisation, depreciation and impairment losses	(6,899)	(17,343)	(2,362)	(4,878)	1,139	(30,343)
Profit before financial income and expenses (EBIT)	**17,829**	**1,589**	**6,323**	**2,330**	**(8,923)**	**19,148**
Net financials						(8,725)
Profit/loss before tax						**10,423**
Tax on profit/loss for the year						(1,783)
Net profit/loss for the year						**8,640**

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35. Segment information of the Group (continued)

	Polyurethane	Injection moulding	Vacuum forming	Coating	Other*)	Group
	2005	**2005**	**2005**	**2005**	**2005**	**2005**
Additions of non-current property, plant and equipment and intangible assets	5,077	20,005	1,102	5,411	337	31,932
Segment assets	141,649	270,477	95,908	99,950	(1,350)	606,634
Non-allocated assets	30,051	59,422	15,569	14,395	(18,463)	100,974
Segment liabilities, non-interest bearing						371,467
						472,441

* Comprises eliminations and non-allocated overhead costs.

Geographical segments

The Group's activities are primarily located in Denmark, the other EU countries and USA. The following table shows the Group's cost of goods sold by geographical market based on the customers' domicile.

	2006	**2005**
Denmark	494,523	469,429
Other Scandinavian countries	68,158	65,118
Germany	81,515	70,688
North America	29,578	28,895
Other countries	151,607	108,325
	825,381	**742,455**

The below table specifies the carrying amounts and additions for the year of non-current intangible assets and property, plant and equipment by geographical area on the basis of the physical location of the assets.

	Carrying amounts of non-current intangible assets and property, plant and equipment		Additions of non-current intangible assets and property, plant and equipment	
	2006	**2005**	**2006**	**2005**
Denmark	313,848	309,909	56,457	25,161
Other Scandinavian countries	188	0	53	0
Germany	133	11,339	145	451
North America	12,699	8,177	3,441	63
Other countries	44,201	26,028	16,048	7,427
Elimination	0	0	0	(708)
	371,069	**355,453**	**76,144**	**32,394**

Companies in SP Group

			Nominal share capital ('000)	Ownership
SP Group A/S	**Denmark**	**DKK**	**200,000**	
SP Moulding A/S	Denmark	DKK	12,000	100%
SP Moulding Poland Sp, z o,o,	Poland	PLN	100	100%
SP International A/S	Denmark	DKK	5,600	75%
SP Moulding (Suzhou) Co,, Ltd,	China	RMB	28,045	100%
Tech-Plast ApS	Denmark	DKK	200	100%
Gibo Plast A/S	Denmark	DKK	6,065	100%
Accoat A/S	Denmark	DKK	10,000	100%
Accoat Medical Poland Sp, z o,o,	Poland	PLN	50	100%
Ergomat Danmark A/S	Denmark	DKK	10,000	100%
Ergomat-Nederland B,V,	Netherlands	EUR	75	60%
Ergomat Deutschland GmbH	Germany	EUR	50	60%
Ergomat Sweden AB	Sweden	SEK	100	60%
Tinby USA, Inc,	USA	USD	360	100%
Ergomat LLC	USA	USD	582	100%
Ergomat Canada Inc,	Canada	CAD	0	100%
Tinby Danmark A/S	Denmark	DKK	10,000	100%
Tinby Sp, z o,o,	Poland	PLN	50	100%
TPI Polytechniek BV	Netherlands	EUR	113	60%
TPI Polytechniek ApS	Denmark	DKK	125	100%
Tinby GmbH	Germany	EUR	154	100%

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